

# PADANA TUBI & PROFILATI ACCIAIO S.P.A.

## Sustainability Report 2021



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## LETTER TO STAKEHOLDERS

*Dear Stakeholders,*

*we are proud to present Padana Tubi's first Sustainability Report.*

*We are delighted to be able to recount, through this document, the history, values, relationships, results and goals that for over fifty years have represented the daily life of this Company, that chart the path to the future and that we are now for the first time sharing with our stakeholders in a systematic and regulated manner.*

*The last three years have left an unexpected and profound mark on all our lives, our economic relations, our organisational dynamics and geopolitical scenarios.*

*The outbreak of the Covid-19 pandemic in 2020, the great hope for recovery in 2021 and the tragedy of the war in Ukraine in early 2022 have brought to the fore the importance of specific issues and values (healthcare systems, energy sources, supply chains, to name but a few) and stimulated a strong acceleration of the reflections already under way regarding issues of environmental, social and corporate governance sustainability.*

*In this regard, we thought it might be particularly important for Padana Tubi, our customers, suppliers, employees, financial institutions, the local community and social partners to report and systematise our ESG achievements and goals.*

*2021 was in many ways an extraordinary year for the entire European steel supply chain.*

*For the first time, Padana Tubi's turnover was well in excess of one billion euro, with a net profit for the year of over one hundred million euro and a growth in production volumes for both of our macro production areas - carbon and stainless steel.*

*We are aware that the important results achieved need to be read in the general context that facilitated their achievement. However, we are equally conscious of the fact that they reflect the commitment, dedication and passion of all our employees who, both yesterday and today, have, together with us, pursued a solid business project that thus far has been able to deliver sustainable value over time.*

*Awareness of the irreplaceable value of people and relationships leads us to have as our primary objective the pursuit of continuous improvement in the area of workplace health and safety through training for the creation of a safety culture and consistent and significant technological investments.*

*Similarly, as part of a community, and grateful for the opportunities that our local area has given us, we participate actively in charitable initiatives, enhancing the artistic and cultural heritage of our city and, more broadly, helping areas and localities in need.*

*Our sense of community is also reflected in our commitment to reduce our environmental impact to a minimum. The European Community is increasingly outlining the ecological transition goals it intends to achieve and which can only be attained with the commitment and planning of each individual company.*

*At Padana Tubi we are expanding our photovoltaic systems for the generation of electricity. These are installed on the rooftops of our facilities. At any rate, since 2020 we have been procuring electricity exclusively from renewable sources.*

*The strongest drivers of continuous improvement are our customers and suppliers, to whom we are grateful for the trust and ongoing support that they renew every day and to whom we are bound by a deep sense of loyalty and transparency.*

*We therefore leave you to read this Sustainability Report, in the hope that you will discern in it the hallmarks of our identity and our way of doing business.*

*We are grateful for all your contributions to our project up till now and into the future.*

*The Alfieri Family*

# HIGHLIGHTS 2021



1970

YEAR FOUNDED



400.000 Mq

ROOFED PRODUCTION  
AREA



13

SITES AND LOCAL  
UNITS



60

NUMBER OF COUNTRIES  
SERVED ANNUALLY



715

EMPLOYEES  
(+4% compared to 2020)



6.318,5

HOURS OF TRAINING DELIVERED  
(+55.6% compared to 2020)



810.000 t

TONNES OF STEEL  
SOLD



300.000 t

TONNES OF STEEL  
IN STOCK

12

## /ECONOMIC



€ 1,23 Bln

TURNOVER  
(+66% compared to 2020)  
€744.9 Mln in 2020



€ 1,24 Bln

VALUE OF PRODUCTION  
(+68% compared to 2020)  
€742.3 Mln in 2020



€ 119,9 Mln

NET PROFIT  
(+122% compared to 2020)  
€54.0 Mln in 2020



€ 215,1 Mln

EBITDA  
(+126% compared to 2020)  
€95.4 Mln in 2020



€ 134,7 Mln

CAPITAL EXPENDITURE IN  
PROPERTY, PLANT AND  
EQUIPMENT  
(+8% compared to 2020)  
€125.2 Mln in 2020

## /ENVIRONMENTAL



98,2 %

WASTE FOR RECOVERY  
(+1.3% compared to 2020)



35%

RECYCLED CARBON STEEL  
CONTENT



65%

RECYCLED STAINLESS STEEL  
CONTENT



800.518 kwh

ENERGY PRODUCED BY  
PHOTOVOLTAIC PANELS  
295,239 Kwh in 2020



100%

OF ELECTRICITY FROM  
RENEWABLE SOURCES

## **1. Group Profile and Identity**

# 1. GROUP PROFILE AND IDENTITY

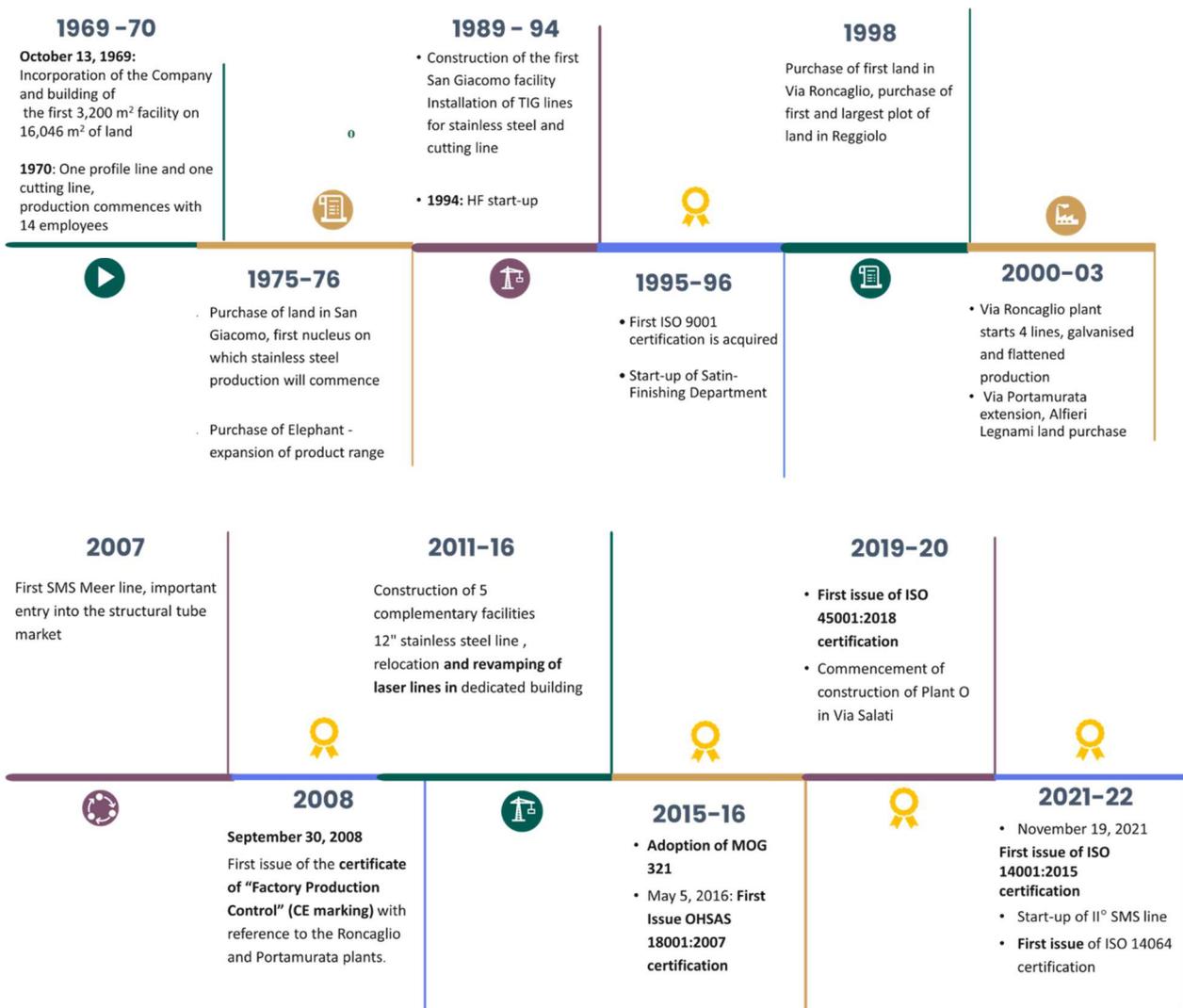
Padana Tubi & Profilati Acciaio S.p.A. was founded in Guastalla in 1970 by the Alfieri family, with the initial objective of producing welded carbon steel tubes.

The growing success and consolidation of the market position encouraged a further undertaking to the production of stainless steel tubes with the completion of a new plant in 1989. Subsequently, with a progressive path of growth along internal lines, other plants were built to expand the production range, again in the steel tube sector, with further diversification of the qualities of raw materials and a considerable enrichment of the finished product range.

Padana Tubi S.p.A. is currently recognised as having a very prominent and credible position in the European markets, with over 800,000 tonnes of steel tubes produced and sold every year.

*Attention to the quality of raw materials, the use of state-of-the-art technology for production processes, the pursuit of customer satisfaction, care for quality and for workplace health and safety all contribute to maintaining a competitive leadership position in the main markets in which the Company is present.*

## 1.1 The History of Padana Tubi



## The establishment of Padana Tubi and its solid corporate roots

On 13 October 1969, Padana Tubi & Profilati Acciaio S.p.A. was established in Guastalla by the Alfieri family. The partners were the brothers Carlo, Giorgio, Romano, Luigi, Ruggero and Mario. Their sisters Paolina, Ida, Maria, Luisa and Anna later joined the Company.

At the beginning of 1970, work began on the construction of the first 3,200 m<sup>2</sup> industrial plant in Via Portamurata, on a site covering 16,000 m<sup>2</sup>. The corporate purpose is “the manufacture of and trade in steel tubes and profiles and similar products”. At the end of the first year, there were 14 employees and the business was organised with one line for slitting coils and another for tube production. The sales market was exclusively in northern Italy.



## Expansion of the Company hub and of production lines

In 1975, a plot of land was purchased in the hamlet of San Giacomo, also located in Guastalla. This was the first plot of land on which years later the production of stainless steel tubes would commence. The following year, the “Elephant” steel tube line, built by the OME mechanical workshops in Guastalla, went into operation. It was the first substantial extension of the range and the first foray into the field of large-diameter, high-thickness tubes by a manufacturer. In 1989, the first plant was built in San Giacomo, and with the installation of a cutting line and several lines with TIG welding machines the production of stainless steel tubes thus began.

In the mid-1990s, we started up the first stainless steel lines with high-frequency welding, drawing on the experience gained from the production of carbon steel tubes. The focus on the quality of our work gave us the ambition to achieve some important results on a voluntary basis: in 1995, ISO 9001 certification was acquired for the first time; and in order to provide additional services to our customers, the following year the first lines for the surface finishing of stainless steel tubes, satin and polishing, were purchased.

With a view to satisfying an ever increasing and differentiated product demand, in 1998 the first piece of land in Via Roncaglio was purchased. It would subsequently house the largest carbon steel plant. The first and largest plot of industrial land in Reggiolo was also acquired.



Between 2000 and 2003, after the construction of a facility for production purposes, manufacturing commenced on several lines of galvanised, black surface carbon steel tubes. A small production nucleus for cut-to-length carbon steel plate targeted exclusively at the Italian market was also built. Subsequently, following the acquisition of the former Alfieri Legnami industrial area, a more extensive expansion of the original area in

Via Portamurata was completed; and in 2007, the SMS Meer line for the production of large structural tubes, up to 12 mm thick and 355 mm in diameter, became operational in Via Roncaglio.

## Focus on quality and the achievement of certifications

Aware of the need to ensure conditions of fairness and transparency, as well as high quality standards, in the conduct of its business and related activities, Padana Tubi began a process aimed at obtaining various certifications and approvals.

In 2008, the first “Factory Production Control” certificate (CE marking) for carbon steel production was obtained.

In the following years (2011-2016) and on up to the present day, successive purchases of industrial land allowed the construction of several smaller warehouses intended mainly for the storage of finished products. During the same period, the progressive relocation to a dedicated factory of the stainless steel tube production lines for pressure purposes was accomplished. The range of stainless steel tubes was extended to a maximum diameter of 323 mm and a thickness of up to 6 mm.

In 2015, the Company adopted the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter OMCM) followed by the first issuance of OHSAS 18001:2007 certification in 2016 and the first award of ISO 45001:2018 certification in 2019 and ISO 14001:2015 certification in 2021.

### 2022: projects and results

In 2020, during the first wave of the Covid-19 pandemic, construction began on the Via Salati plant, a roofed area of almost 40,000 m<sup>2</sup> designed to house a slitting line and the second SMS Group profiling line for large structural tubes in high-strength carbon steel with a maximum diameter of 457 mm and a maximum thickness of 18 mm, with commissioning planned before the end of 2022. The process for the first award of ISO 14064 certification for mapping the organisation’s carbon footprint will be completed in the second half of 2022.

## 1.2 Business operations

Padana Tubi is engaged in the **production of:**

- **galvanised, black surface carbon steel tubes and profiles;**
- **stainless steel tubes and profiles;**
- **cut-to-length carbon steel plate.**

Steel is therefore the fundamental raw material in the production processes, one with a potentially infinite life cycle, a veritable “permanent resource” essential for the development of a circular economy.

Steel is defined as an alloy of iron and carbon. Its mass content of iron is greater than that of each of the other elements and its carbon content is less than 2%.

In detail, carbon steel (often referred to as iron, in common parlance) is a steel for structural use that is unalloyed, meaning that it contains a modest presence of elements other than iron and carbon.

Stainless steel has a chromium content of more than 10.5% and other alloying elements, mainly nickel. Padana Tubi uses austenitic stainless steel (16.5% to 19.5% chrome and 8% to 13.5% nickel, depending on the steel grade).

Padana Tubi’s production facilities are entirely located in its **territory of origin**, in the city of Guastalla. The Company’s headquarters and an important factory for the production of carbon tubes are located in Via Portamurata, the site of the first production nucleus. In addition, there are three other main production sites as well as eight complementary facilities for secondary processing and warehousing.

TABLE 1 - LOCATIONS AND LOCAL UNITS

	ADDRESS	PRODUCTION
<b>A</b>	Via Portamurata	<b>CARBON STEEL/HEADQUARTERS</b>
<b>B</b>	Via Roncaglio	CARBON STEEL
<b>C</b>	Via Dossetti	STAINLESS STEEL
<b>D</b>	Via De Gasperi	STAINLESS STEEL
<b>E</b>	Via Togliatti	STAINLESS STEEL
<b>F</b>	Via Ferrari	STAINLESS STEEL
<b>G</b>	Via Dossetti	STAINLESS STEEL
<b>H</b>	Via Nenni	STAINLESS STEEL
<b>I</b>	Via Dossetti	CARBON STEEL
<b>L</b>	Via Nenni	STAINLESS STEEL
<b>M</b>	Via Dossetti	STAINLESS STEEL
<b>N</b>	Via Portamurata	CARBON STEEL
<b>O</b>	Via Salati (under construction)	CARBON STEEL

The strong local identity, decidedly atypical in a world increasingly oriented towards delocalisation, clearly shows the depth of the **roots** that bind the Company to the Emilia region and at the same time project it onto **international markets**, towards the more than **60 countries served** by its sales network.

This takes the form of a fruitful exchange industriousness, creativity, honesty, a zest for life and, contemporaneously, a profound openness to interaction and dialogue with people, organisations, different cultures and global markets.

Sales are roughly 25% in Italy and 75% abroad, mainly European countries.

**The large roofed area enabled the installation of 2,779 kWp photovoltaic panels on our own premises.** Awareness of the strategic role of renewable energy sources is guiding the Company towards a progressive increase in this type of installation.



## The production process

The production of slit tubes is carried out according to a number of key stages, all of which are quite similar despite the fact that different types of steel are used:

FIGURE 1 - FLOW CHART OF THE PRODUCTION PROCESS



- **Receipt of raw materials:** the raw material consists of coils (wide coiled steel strips) delivered by external suppliers to the different production units and stored in dedicated areas.
- **Cutting lines:** in this phase the coils are slit to obtain strips of different widths depending on the diameter of the tubes or profiles to be manufactured. The resulting products are placed in the strip warehouse located between the cutting lines and the loading of the profiling lines.
- **Production lines:** at this stage, the actual production of the tube (or profile) takes place. The strip passes through a series of rotating steel rollers that gradually allow the desired profile shape (round, square, etc.) to be obtained. In all production lines, the following main work areas can be identified: strip loading, strip end-welding, forming, welding, sizing, tube inspection, packing.
- **Warehouse:** tube “packs” are transferred by internal transport means to storage areas (tube warehouse), and from there to customers.



## Products and Services

*Continuous investment, customer service, fast delivery and a focus on product quality: these are the key elements that have enabled Padana Tubi to become one of Europe's leading manufacturers of welded tubular goods.*

The entire range of products, all marked according to production standards, is divided between two divisions:

- The Carbon Steel Division
- The Stainless Steel Division

### THE CARBON STEEL DIVISION



- **Structural tubes**
- **High-thickness tubes**
- **Galvanised strip tubes**
- **Cut-to-length plates**
- **Strips**
- **Special profiles and window and door frames**

Carbon Division production is divided as follows:

- Tubes for structural use according to EN 10219-1;
- Pickled tubes for precision applications according to EN 10219-1 or EN 10305-5 (square-rectangular profiles only);
- Sendizimir galvanised tubes for precision applications according to EN 10305-5 (only square-rectangular profiles 1.5 mm to 3 mm thick);
- Flattened sheet metal (black, galvanised, pickled, embossed and striated).

#### **RAW MATERIALS**

The coils used for tube production comply with EN 10025-2 with regard to technical delivery conditions for non-alloy steels for structural purposes and EN 10051 with regard to dimensional and shape tolerances.

The coils used for the production of galvanised tubes comply with EN 10346 with regard to the technical conditions of delivery of continuously hot-dip coated steel flat products for cold forming.

The product range includes:

- Round tubes with diameters from 12 mm to 355.6 mm and thicknesses from 1.5 mm to 12.5 mm;
- Square tubes from 10 mm × 10 mm to 300 mm × 300 mm with thicknesses from 1.5 mm to 12.5 mm;
- Rectangular tubes from 15 mm × 10 mm to 400 × 200 mm with thicknesses from 1.5 mm to 12.5 mm;
- Sendizimir galvanised tubes with a thickness of 1.5 mm to 4 mm;
- Cut-to-length plate (black, galvanised, pickled, embossed and striated) in standard formats and thicknesses from 1 mm to 10 mm.

Profile lengths can vary from 4,500 mm to 15,000 mm. For galvanised products, at the customer's request it is possible to coat the weld (the only part not coated due to the removal of the outer weld seam) by using a gun that atomises a zinc wire. It is also possible to carry out hot or cold galvanising services by way of tolling arrangements.

#### QUALITY

Carbon steel for structural applications:

- S235JRH;
- S275J0H;
- S275J2H;
- S355J0H;
- S355J2H.

Pickled steel for precision applications:

- S235JRH;
- E220+CR2 → S2.

Galvanised steel for precision applications:

- DX51D;
- E220+CR2 → S4.

#### INSPECTIONS

In the production phase, special attention is paid to quality inspections, in particular continuous quality inspections:

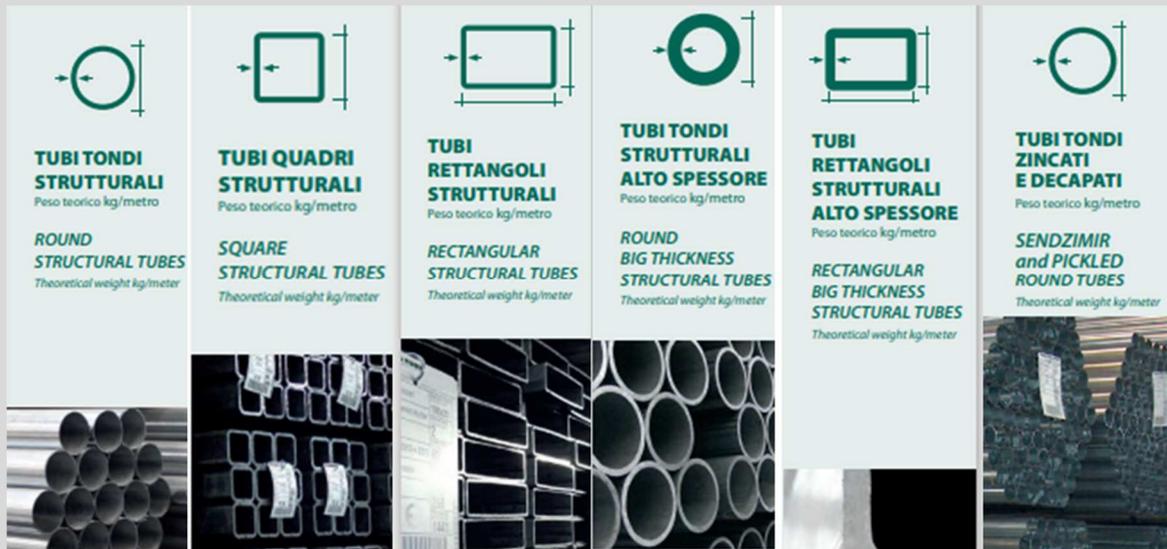
- Dimensional inspections according to EN 10219-2 and EN 10305-5;
- Visual inspections according to EN 10219-2 and EN 10305-5;
- Crush tests for round tubes according to EN ISO 8492;
- Checks on welding carried out using the HF method, by means of the eddy current method in accordance with standard UNI EN ISO 10893-2.

Inspections continue in our workshops to determine the conformity of the tubes produced with the reference standards. All the machines we use are certified and regularly maintained.

Below are the tests carried out on the tube samples in the workshops:

- Tensile test UNI EN ISO 6892-1;
- Resilience test UNI EN ISO 148-1;
- Spectrometric checks to determine the chemical composition;
- Macrographic checks of the heat affected zone.

The results of the above tests are recorded on each accompanying 3.1 Certificate.



## THE STAINLESS STEEL DIVISION



- HF welded tubes
- LASER welded tubes

Stainless Steel Division production is divided as follows:

- Round tubes with two types of welding: HF (EN 10296-2) and LASER (EN 10217-7);
- Boxes (Squares/Rectangles)

In addition we offer the following surface finishes:

- Standard inline brushed finish;
- Satin finish;
- Gloss finish.

### RAW MATERIALS

The coils used for tube production comply with **EN 10088-2** and **EN 10028-7**. The steel used is of the cold-rolled type up to and including 1.6 mm thickness, and hot-rolled from 2 mm to 6 mm.

The product range includes:

- Round tubes with diameter D 6 mm to D 323 mm with thicknesses from 1 mm to 6 mm;

- Square tubes from 10 mm × 10 to 200 mm × 200 mm with thicknesses from 1 mm to 6 mm;
- Rectangular tubes from 20 mm × 10 mm to 300 mm × 100 mm with thicknesses from 1 mm to 6 mm;

The standard production length of the tubes is 6,000 mm, although it is possible to make arrangements with the Sales Department for production lengths ranging from 4,500 mm to 12,000 mm.

#### QUALITY

- 304L (4307) Cr 17.5 to 19.5 Ni 8.00 to 10.00;
- 316L (4404) Cr 16.5 to 18.5 Ni 10.00 to 13.00 Mo 2.00 to 2.5;
- 316Ti (4751) Cr 16.5 to 18.5 Ni 10.5 to 13.5 Mo 2.00 to 2.5.

#### INSPECTIONS

In the production phase, special attention is paid to quality inspections, in particular continuous quality inspections:

- Dimensional inspections according to EN 10217-7, EN 10296-2 and EN 10219-2;
- Visual inspections according to EN 10217-7, EN 10296-2 and EN 10219-2;
- Expanding tests for round tubes according to EN ISO 8495;
- Checks on welding carried out using the HF/LASER method, by means of the eddy current method in accordance with standard ISO 10893-2.

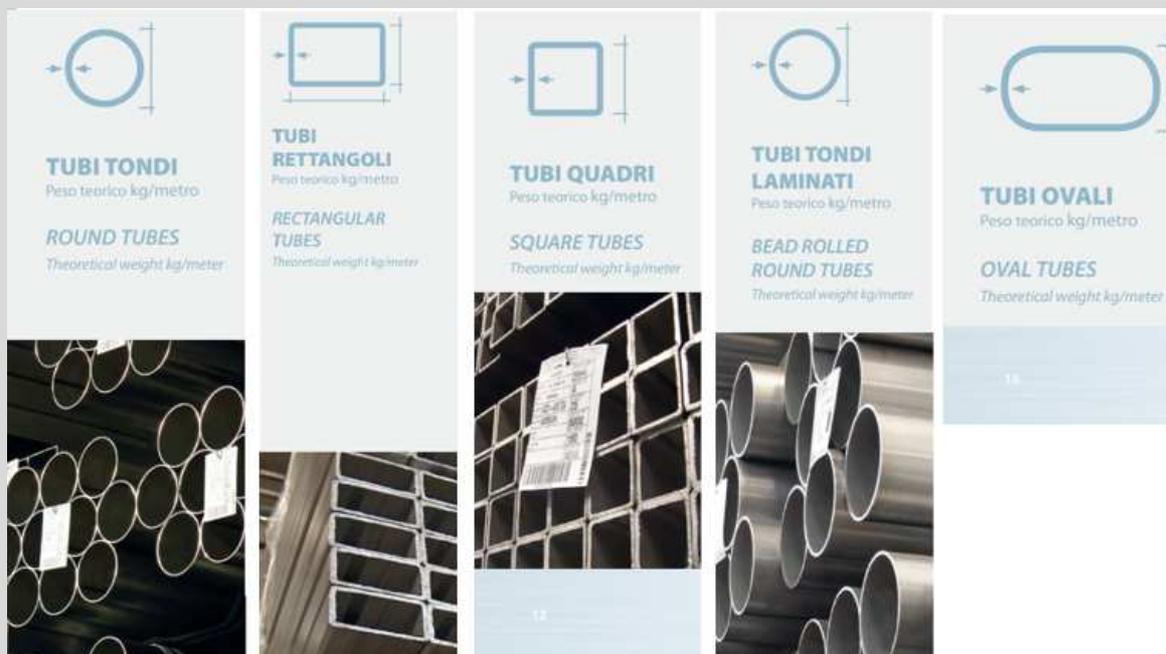
Inspections continue in our workshops to determine the conformity of the tubes produced, including those in the Stainless Steel Division, with the reference standards.

Below are the tests carried out on the tube samples in the workshops:

- Tensile test UNI EN ISO 6892-1;
- Resilience test UNI EN ISO 148-1;
- Spectrometric checks to determine the chemical composition;
- Macrographic checks of the heat affected zone.

The results of the above tests are recorded on each accompanying 3.1 Certificate.

Since 2014, Padana Tubi's stainless steel range has been enriched with new products, thanks to the installation of a line for large diameter and thick tubes.



Padana Tubi is a member of **Centro Inox** and the **Fondazione Promozione Acciaio** through which it takes an active part in spreading knowledge and appreciation of this vital material - steel.

### 1.3 The Path to Sustainability: Stakeholders and Materiality

The topic of sustainability is now at the heart of the European Union's manufacturing strategies and the steel sector in particular is the driving force behind the energy transition. This result is confirmed by a survey carried out by Siderweb on a sample of representative companies from which it emerged that **82% of those operating in the steel supply chain in Italy have undertaken sustainability paths**, with their actions mainly concerning the reduction of environmental impact, attention to the circularity of resources, support for Corporate Social Responsibility projects and the protection of workers.

Mindful of this, Padana Tubi has decided to communicate the path it has taken, using this Report to describe what it has achieved, its objectives and the responsible actions it has put in place.

The path taken by Padana Tubi towards a model of sustainable action is a profound change that necessitates **the integration of sustainability into the corporate strategy**. It also requires an adequate and structured change management process towards a transition that will continue in 2021 with the voluntary choice to publish its **first Sustainability Report as an act of transparency and social responsibility, to give an account of its activities to its stakeholders**.

The Company's choices, decisions, behaviour and performance are no longer weighed only against traditional results and objectives but also against the other pillars of sustainability, including a focus on certifications for the quality of its products and its management system, the monitoring of specific emissions, the adoption of measures to optimise energy consumption and the calculation of its environmental footprint. Finally, Padana Tubi does not neglect its own people and the enhancement of their skills.

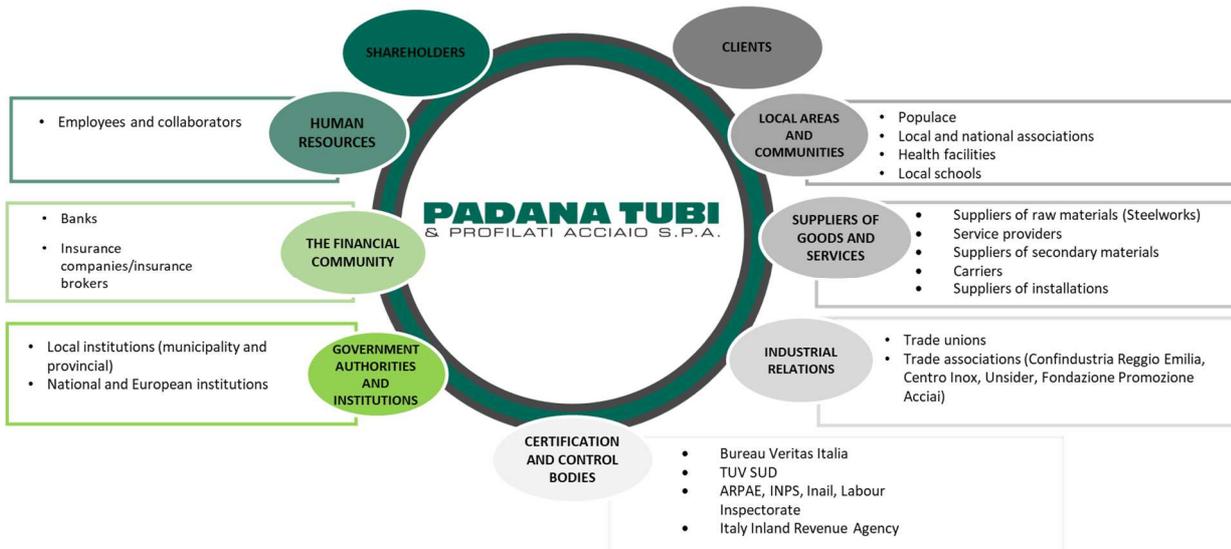
The drafting of this first Sustainability Report has seen Padana Tubi drawn into a process of greater awareness and identification of its stakeholders and of the material topics that have determined the reporting boundaries.

#### Stakeholder relations

Stakeholders are individuals or groups of individuals with whom a company develops and maintains relations in the course of its business.

*In carrying out its business activities, Padana Tubi enters into relations with a plurality of parties with whom it establishes ongoing and valuable relationships, starting with employees, customers, suppliers and shareholders. No less important are relations with local and national institutions, trade unions and trade associations, the local community, local schools and local associations.*

In order to prepare a Sustainability Report in line with GRI principles, a mapping exercise of the Company's internal and external stakeholders was carried out to identify the most relevant. Below are the categories identified, divided into a macro and then a more detailed level.



Although for the purposes of preparing this first Sustainability Report the Company did not directly involve stakeholders in the materiality analysis, over the years Padana Tubi has cultivated its relations through a system of links tailored to the various categories of stakeholders and which provides for differentiated channels and methods of dialogue and disclosure.

STAKEHOLDERS	INTEREST	ENGAGEMENT	RESULTS
<b>SHAREHOLDERS</b> 	<ul style="list-style-type: none"> <li>• Economic and social sustainability over time</li> </ul>	<ul style="list-style-type: none"> <li>• Attendance at General Meetings and Board Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing the organisation’s economic and social results</li> </ul>
<b>HUMAN RESOURCES</b> 	<ul style="list-style-type: none"> <li>• Stability of employment</li> <li>• Professional growth paths</li> <li>• Training and occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Training courses</li> <li>• Direct and individual meetings and contacts</li> <li>• Communication via e-mail</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of corporate know-how and of the skills system</li> <li>• Update with respect to changes in Company protocols and disclosures</li> </ul>
<b>THE FINANCIAL COMMUNITY</b> 	<ul style="list-style-type: none"> <li>• Short- and long-term equity and financial solidity</li> <li>• Loyalty</li> <li>• Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Direct contacts</li> <li>• Communication via e-mail</li> <li>• Making Financial Statements available</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing and awareness of the organisation’s economic results (Financial Statements)</li> </ul>
<b>CLIENTS</b> 	<ul style="list-style-type: none"> <li>• Quality of products and level of service</li> <li>• Fairness of prices</li> <li>• Continuity and reliability</li> </ul>	<ul style="list-style-type: none"> <li>• Direct individual contacts</li> <li>• Quality control service</li> <li>• Logistics service</li> <li>• Corporate website content</li> <li>• Reserved e-commerce portal</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to customer needs</li> <li>• Transparency in relations</li> </ul>

STAKEHOLDERS	INTEREST	ENGAGEMENT	RESULTS
<b>GOVERNMENT AUTHORITIES AND INSTITUTIONS</b> 	<ul style="list-style-type: none"> <li>• Compliance with regulations and technical standards</li> <li>• Dialogue</li> <li>• Transparency of disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Exchange of information</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulatory and technical requirements</li> <li>• Dialogue between the parties</li> </ul>
<b>SUPPLIERS OF GOODS AND SERVICES</b> 	<ul style="list-style-type: none"> <li>• Financial solidity</li> <li>• Business and volume growth</li> <li>• Continuity and loyalty</li> <li>• Occupational health and safety</li> <li>• Flexible organisation and logistical efficiency</li> <li>• Technical expertise and prestige</li> </ul>	<ul style="list-style-type: none"> <li>• Direct individual contacts</li> <li>• Submission of Financial Statements on request</li> <li>• Price-volume agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing of know-how and technological innovation</li> <li>• Evaluation of strategic objectives and projects</li> </ul>
<b>LOCAL AREAS AND COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>• Employment growth</li> <li>• Community integration and youth involvement</li> <li>• Economic support for projects</li> <li>• Involvement in initiatives</li> <li>• Professional placement of students</li> <li>• Mitigation of environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>• Donations and support for project initiatives</li> <li>• Initiatives for the development and economic growth of the area</li> <li>• Indirect media communication</li> </ul>	<ul style="list-style-type: none"> <li>• Distributing and sharing economic, environmental and social value</li> <li>• Transparent dialogue and recognition of the Company's role in the local community</li> </ul>
<b>CERTIFICATION AND CONTROL BODIES</b> 	<ul style="list-style-type: none"> <li>• Compliance with specifications determined by reference standards</li> <li>• Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual/half-yearly audits for maintenance or renewal of certification</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of certification and its marketability at a commercial and reputational level</li> </ul>
<b>INDUSTRIAL RELATIONS</b> 	<ul style="list-style-type: none"> <li>• Constructive dialogue between management and labour organisations</li> <li>• Involvement in local area initiatives</li> <li>• Participation in refresher courses</li> <li>• Consulting activities</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in meetings of the Governing Body</li> <li>• Direct contacts, emails, newsletters</li> <li>• Communications via the corporate website</li> <li>• Surveys for new regulatory proposals</li> <li>• Regular meetings between management and labour organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing new technical and quality standards for the industry</li> <li>• Sharing business trends in terms of security</li> <li>• Knowledge of economic trends and needs of local companies</li> </ul>

### Identification of Material Issues and Sustainable Development Goals

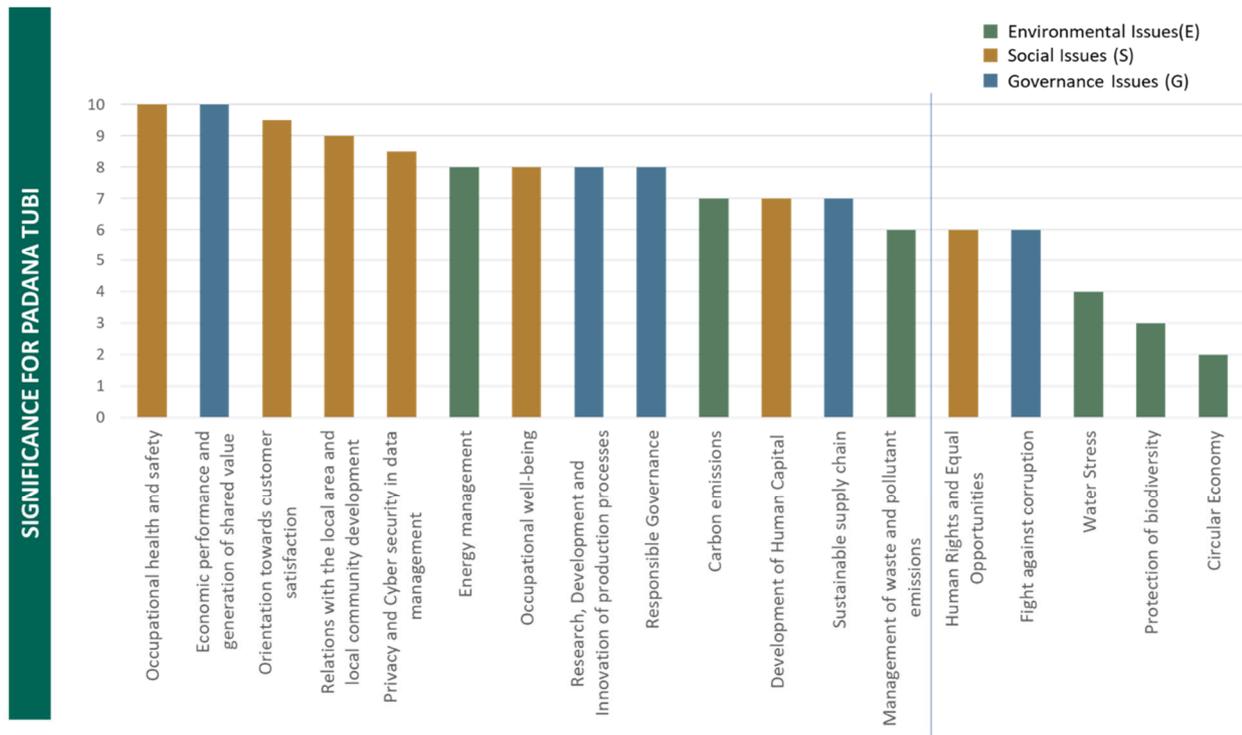
Material topics are those that reflect the significant economic, environmental and social impacts of a company and/or that substantially influence stakeholder assessments and decision-making processes.

The materiality analysis undertaken by Padana Tubi during the reporting period under consideration involved an in-house activity with the participation of top management in accordance with the following phases:

THE PROCESS	
1	Stakeholder mapping and methods of involvement
2	Scenario analysis and market outlook
3	Analysis of industry benchmarks (national and international comparables)
4	SASB (Sustainability Accounting Standards Board) Materiality Map analysis of the Iron & Steel industry
5	Interviews with Padana Tubi function managers regarding the business model and corporate priorities
6	Validation by top management of the materiality topics and the levels of priority

The analysis of the reference sector revealed 18 topics of interest to Padana Tubi, for which participants were asked to indicate the level of significance of the topics to the Company and the priority for action. The reporting of material topics, which is given an initial frame of reference in this document, will be developed over the coming periods, consistent with the progressive development of the business.

### Padana Tubi’s internal materiality analysis: topics and significance



The materiality analysis conducted confirms the centrality for Padana Tubi of 13 topics (the materiality threshold considered is 6.5), which concern aspects of primary importance fully consolidated in the Company's dynamics and which echo the strategy implemented to date by the Company, which has invested heavily on these fronts. These include: **Occupational Health and Safety, Economic Performance and Shared Value Creation, Customer Satisfaction, Relations with the Local Area, Privacy and Cyber Security, Energy Management and Carbon Emissions.**

The topics considered less significant are not to be deemed as of little interest to Padana Tubi, but rather as not presently strategic and urgent in terms of the actions to be implemented in order to manage them better. These include the Circular Economy which, for the steel industry, is naturally intrinsic to the properties of the primary resource used, namely, steel. The steel cycle is already a virtuous example of a circular economy. All steel products, comprising those with a short life cycle (packaging), an intermediate life cycle (e.g. motor vehicles) and a long life cycle (such as building industry products) have high recycling rates, with peaks of excellence precisely in Italy.

### SUSTAINABLE DEVELOPMENT GOALS: THE CONTRIBUTION OF PADANA TUBI

Actively contributing to global sustainability challenges is becoming the number one priority in the operations of institutions, companies and organisations. In order to show awareness of these aspects and to confirm its future commitment to promoting a business model that integrates economic, social and environmental responsibility in all areas and activities, Padana Tubi has identified Sustainable Development Goals (SDGs) linked to its material topics and to which, in the coming years, it aims to contribute at increasingly higher levels.

**The SDGs are a set of 17 goals defined by the United Nations with the intention of guiding countries and organisations around the world on the path to reducing inequality, promoting economic prosperity, social development and environmental protection. Each goal comprises 169 specific targets, and together they constitute the core elements of the 2030 Agenda for Sustainable Development.**

In light of its scope of action, Padana Tubi has correlated the Sustainable Development Goals with its material topics through an analysis of the GRI indicators reported during 2021. It has also analysed the objectives of the projects implemented and supported in relation to the SDGs and targets according to the document *Linking the SDGs and the GRI Standards*, a guide updated in May 2021 by the Global Reporting Initiative, which supports organisations in correlating the targets of each of the 17 SDGs with the disclosures of the GRI Standards.

TOPIC	DESCRIPTION	REFERENCE SDGs
<p><b>OCCUPATIONAL HEALTH AND SAFETY</b></p>	<p>The management of a company, its people and its infrastructures makes it necessary to ensure constant monitoring of sensitive processes, with particular regard to the prevention of accidents and occupational diseases for all personnel entrusted with production activities, including suppliers and strategic partners. This approach makes it possible to improve workplace health and safety constantly, minimising risks and thereby guaranteeing the best working conditions.</p>	
<p><b>ECONOMIC PERFORMANCE AND GENERATION OF SHARED VALUE</b></p>	<p>Economic sustainability and financial balance are essential conditions for business operations and for ensuring an appropriate distribution to stakeholders of the economic value generated.</p>	
<p><b>ORIENTATION TOWARDS CUSTOMER SATISFACTION</b></p>	<p>Customers and customer satisfaction are key elements for good market positioning and undergo continuous improvement in terms of quality of service and increasingly transparent and digital communication.</p>	
<p><b>RELATIONS WITH THE LOCAL AREA AND LOCAL COMMUNITY DEVELOPMENT</b></p>	<p>The development of the local area is an integral part of a business model, not only in terms of the distribution of the value generated, but also through collaborations and partnerships with local organisations and institutions as well as relations with the community and its engagement.</p>	
<p><b>PRIVACY AND CYBER SECURITY IN DATA MANAGEMENT</b></p>	<p>Actions have been put in place to safeguard and protect the privacy of confidential customer information, personal data of human resources, and sensitive information relating to transactions and contracts entered into.</p> <p>A company must ensure IT system integrity, in particular through the implementation of actions, rules and protocols to ensure the confidentiality and integrity of information received through digital systems, as well as the safeguarding of cyber security.</p>	<p>/</p>
<p><b>ENERGY MANAGEMENT</b></p>	<p>The management of energy and emissions has an impact on the goals of containing and mitigating the negative effects of climate change. The ability of an organisation to equip itself with an infrastructure geared towards proper energy management, energy</p>	

efficiency and the reduction of CO<sub>2</sub> emissions brings direct benefits in terms of cost cutting, but also access to alternative energy sources.

**OCCUPATIONAL WELL-BEING**

Respect for the core values of diversity, fairness and inclusion is achieved by recognising the unique value that each employee brings to the Company, by combating all forms of discrimination and violence in the workplace, and by ensuring equal opportunities for professional and personal growth in a safe and secure working environment. The issue also concerns the development of a corporate welfare plan and of ways of managing and organising labour (such as by remote working) in such a way that they become tools for enhancing the work-life balance.



**RESEARCH, DEVELOPMENT AND INNOVATION OF PRODUCTION PROCESSES**

Technological innovation is based on the use of scientific and technical knowledge and concerns the development of new products, or the improvement of products already on the market, through the use of new materials and technologies or the innovative application of existing materials and products. The ability to invest and innovate in the development of new solutions and technologies, together with the progressive digitisation of services, favours the achievement not only of economic objectives, but also of environmental and social targets along with the corresponding generation of positive impacts.



**RESPONSIBLE GOVERNANCE**

Responsible corporate governance requires adherence to ethical principles, compliance with regulations, and integrity, all of which are necessary features of business management. An ethical culture is developed through employee training, effective governance structures and internal controls.



**CARBON EMISSIONS**

A company must analyse the carbon emissions produced by its activities in order to achieve awareness of its environmental footprint and adapt and/or mitigate its actions.



## DEVELOPMENT OF HUMAN CAPITAL

Human resource management includes training, research & development and employee engagement in order to retain talents and enhance their potential. The professional development of employees is a continuous process through which a company's workers improve their skills and acquire new ones in order to perform their work effectively and efficiently. Communicating how the company pursues human capital development contributes to increasing the value perceived by stakeholders.



## SUSTAINABLE SUPPLY CHAIN

Responsible management of the supply chain consists of assessing the social and environmental impact of suppliers with the aim of spreading a culture of sustainability through the entire supply chain and selecting suppliers with a view to ensuring the quality of the products or services purchased and compliance with current regulations in terms of fairness, transparency and respect for human rights.



## MANAGEMENT OF WASTE AND POLLUTANT EMISSIONS

A company must implement policies and activities aimed at managing the entire waste process, from waste generation to final treatment (recycling or disposal) or reuse of waste materials, with particular attention to the management of solid, liquid or gaseous substances released into the atmosphere and which may cause air pollution.





## 2. Responsible Governance and Economic Value Creation

## 2. RESPONSIBLE GOVERNANCE AND ECONOMIC VALUE CREATION

### 2.1 The governance structure

#### Corporate Bodies

The organisational structure of Padana Tubi is based on a traditional model in which the corporate bodies are represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

As of 2021, the Company is controlled by Padana Holding Srl. The preparation date of the first Consolidated Financial Statements was December 31, 2021.

The **Board of Directors** consists of 7 members in office until the approval of the Financial Statements at December 31, 2022 and, in accordance with the Articles of Association, plays a central role in the Company's organisation. It is vested with the broadest powers for ordinary and extraordinary administration, including the power to perform all acts it deems appropriate to achieve the corporate purpose, excluding those reserved by law to the Shareholders' Meeting.

The Board is headed by the Alfieri family and is currently chaired by Anna Alfieri.

TABLE 2 - COMPOSITION OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2021

BOARD OF DIRECTORS	ROLE
Anna Alfieri	Chairperson (Company Representative)
Romano Alfieri	Chief Executive Officer
Claudia Alfieri	Chief Executive Officer
Ruggero Alfieri	Deputy Chairperson
Angela Alfieri	Director
Fabio Alfieri	Director
Vittorio Alfieri	Director

The **Board of Statutory Auditors** consists of five members, including three standing auditors and two alternate auditors. It is responsible for supervising compliance with the law and with the Articles of Association, observance of the principles of proper administration, the adequacy of the Company's organisational structure, the internal control system, and the appropriateness of instructions given to the subsidiaries in relation to the information to be provided in order to fulfil reporting obligations.

TABLE 3 - COMPOSITION OF THE BOARD OF STATUTORY AUDITORS AT DECEMBER 31, 2021

BOARD OF STATUTORY AUDITORS	ROLE
Gian Luca Lanzotti	Standing Auditor
Alexander Savoy	Standing Auditor
Mattia Toni	Standing Auditor
Luana Vergari	Alternate Auditor
Luigi Bechelli	Alternate Auditor

Padana Tubi has implemented an articulated system of powers of attorney for associates who operate autonomously in their respective areas of competence. For specific areas, it was deemed appropriate to

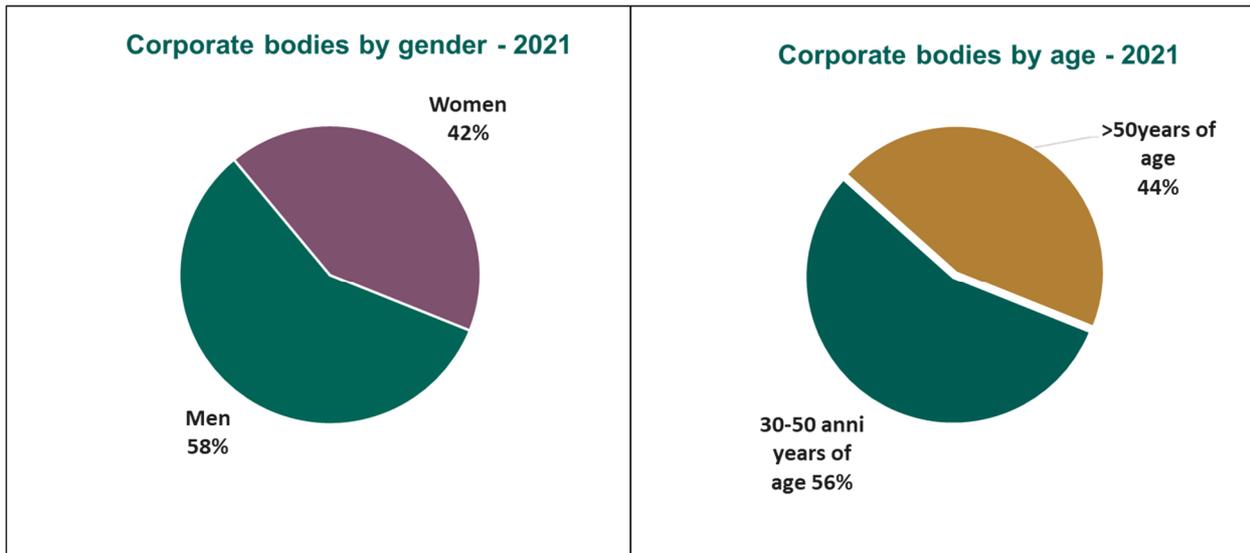
prepare special powers of attorney to be conferred on certain people in the Company, in order to make the powers assigned explicit to third parties also.

Below are the other positions or titles held by five individuals within the corporate governance system in areas such as construction sites, health and safety, and personnel management.

OTHER OFFICES OR QUALIFICATIONS	ROLE
Panizzi Damiano	Attorney-in-fact
Sara Bonori	Special attorney-in-fact
Maria Chiara Masini	Attorney-in-fact
Fabio Iori	Special attorney-in-fact
Sara Mortara	Special attorney-in-fact

With regard to information on diversity, it should be noted that the members of the governing body, consisting of four men and three women, are mainly in the over 50 age group, while only two people are aged between 30 and 50. Conversely, the Board of Statutory Auditors, consisting of four men and one woman, has three out of five members aged between 30 and 50. The special powers of attorney were assigned to two men and three women, all aged between 30 and 50.

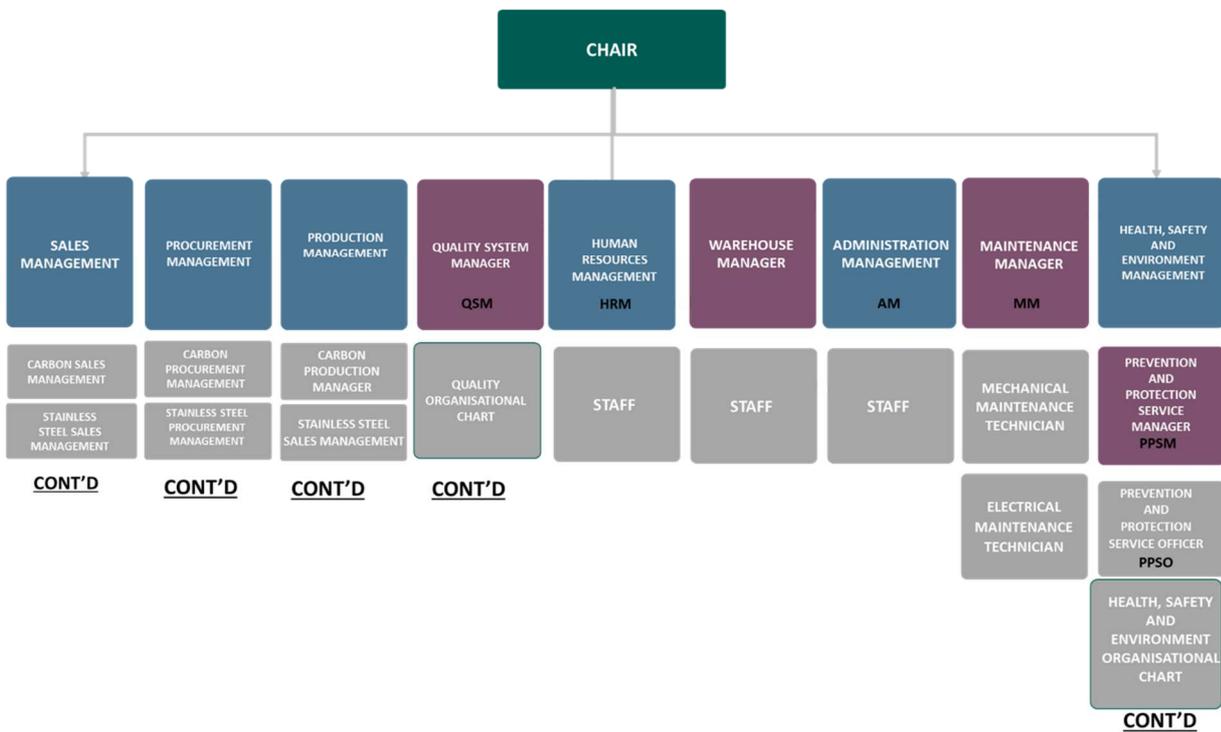
FIGURE 2 - DIVERSITY IN CORPORATE BODIES



## Company Organisational Chart

Padana Tubi has a workforce of **715 people** represented internally according to a **general organisational chart and three specific charts for Environment, Health and Safety and Quality.**

The first organisational level of Padana Tubi’s entire structure is shown below. Further details can be found in the relevant Company documents.



## 2.2 Ethics, integrity and transparency

Padana Tubi has adopted a **Code of Ethics** and an **OMCM** in compliance with the provisions of Italian Legislative Decree No. 231/2001. These constitute the Company's cultural basis for all internal and external stakeholders and are subject to control by the Supervisory Board.

The documents were adopted in 2015 and subsequently updated and approved by the Board of Directors in 2018 and 2020, incorporating the new predicate offences, and thereafter continuously updated in line with changes in the regulatory scope.

They can be consulted in the *Ethics and Values* section of the corporate website [www.padanatubi.it](http://www.padanatubi.it).

### Organisation, Management and Control Model (OMCM)

In order to prevent unlawful conduct by its directors, employees and collaborators subject to management or supervision by the Company, Padana Tubi has voluntarily adopted an **Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001**. The adoption process involved a project to analyse the Company's organisational, management and control tools in order to verify the compliance of the behavioural principles and control measures already adopted with the provisions laid down in the aforementioned Decree and, if necessary, to integrate the system currently in force.

The OMCM consists of a General Section, in which the OMCM's functions and principles are illustrated and in which its essential components are identified and regulated (the System of Preventive Controls, the Disciplinary System and the sanction mechanisms, the characteristics of the Supervisory Body and the updating of the OMCM over time), and of Special Sections, which list the risks and offences identified and the related principles of conduct and control to prevent them.

Through the adoption of the OMCM, Padana Tubi intends to pursue the following aims:

- prohibit conduct that may be construed as constituting the offences referred to in the Decree;
- spread awareness that violation of the Decree, of the provisions contained in the OMCM and of the principles of the Code of Ethics may result in the application of sanctions (pecuniary and prohibitory), including against the Company;
- disseminate a business culture based on lawfulness, with the awareness that the Company expressly disapproves of any breach of the law, regulations, internal regulations and, in particular, the provisions contained in the OMCM;
- implement an efficient and balanced organisation, with particular regard to the clear allocation of powers, the decision-making process and the transparency and justification of decisions made, preventive and subsequent controls over acts and activities, as well as the correctness and truthfulness of internal and external disclosures;
- enable the Company, by means of a system of control mechanisms and constant monitoring of the proper implementation of said system, to prevent and/or counter in a timely manner the commission of offences falling within the scope of the Decree.

For a more detailed discussion of the contents, please refer to the "*General OMCM*" published in the *Ethics and Values* section of the Padana Tubi website.

### Internal Control System

In preparing the OMCM, Padana Tubi took into account the Company's existing **internal control system** in order to verify whether it was suitable for preventing the specific offences provided for by the Decree in the areas of activity identified as being at risk. The internal control system involves every sector of the Company's activity by separating operational tasks from control tasks, reasonably reducing any possible

conflict of interest. In particular, Padana Tubi's internal control system is based not only on the behavioural rules laid down in the OMCM, but also on the following elements:

- the Code of Ethics;
- the hierarchical-functional structure (Company organisational chart);
- the system of proxies and powers of attorney;
- IT systems geared towards segregation of functions and protection of the information contained therein;
- the ISO 9001:2008 Quality Manual;
- ISO 45001-2018 Management System;
- ISO 14001-2015 Management System;

The type of corporate control structure existing at Padana Tubi includes:

- *"line" controls*, i.e. operational and hierarchical-functional controls aimed at ensuring the proper performance of operations and activities;
- *compliance controls*, i.e. subsequent audits carried out by control bodies, including the Supervisory Board, in order to identify, assess, control and manage the risk resulting from non-compliance with laws, regulations, the Code of Ethics, the OMCM, procedures and other internal rules.

### The Code of Ethics and the Supervisory Board

Determined to base the conduct of its business activities on respect for lawfulness and principles, the Company has adopted a **Code of Ethics** that establishes a series of rules of corporate ethics that it recognises as its own, the observance of which is required of its corporate bodies and employees and the acknowledgement of which is requested of all counterparts, customers and suppliers.

However, the Code of Ethics also affirms principles suitable for preventing the unlawful conduct covered under Legislative Decree No. 231/2001, thus acquiring relevance also for the purposes of the OMCM and constituting a complementary element to it.

Padana Tubi is guided by the following ethical principles to achieve its institutional aims:

FIGURE 3 - PADANA TUBI'S ETHICAL PRINCIPLES

ETHICAL PRINCIPLES	Lawfulness	Protection of competition
	Impartiality	Prevention of Money Laundering
	Transparency and Fairness	Prevention of Corruption
	Loyalty and good faith	Mitigation of cyber crime
	Value of people and human resources	Protection of Intellectual Property
	Confidentiality and Protection of Privacy	Proper management of public funding
	Prevention of conflicts of interest	Proper management of sponsorships
	Workplace health and safety and Environmental protection	

For a more detailed discussion of the contents, please refer to the *"Code of Ethics"* published in the *Ethics and Values* section of the Padana Tubi website.

Liaising directly with the Board of Directors in the event of violations or risk situations, the **Supervisory Body (SB)** has the task of monitoring compliance with the procedures set out in the OMCM and the Code of Ethics and with those relating to the awarding of certifications.

The SB consists of two external members and one internal member of the Company appointed by the Board of Directors on adoption of the OMCM pursuant to Legislative Decree No. 231/2001 in 2015. The SB is renewed periodically from year to year.

To ensure the dissemination and knowledge of the contents of the OMCM, Padana Tubi transmits information on its adoption through the use of various channels:

- at the foot of the e-mail, below the signature, where the addressees are invited to read it and to adhere to the principles described therein, in the knowledge that violation thereof will give rise to contractual and non-contractual liability;
- as an attachment to all purchase orders;
- as an attachment to the circulars sent out periodically in the form of training and in-depth study slides;
- at meetings dedicated to Company officers;
- by making a full copy of the OMCM and Code of Ethics available on the grounds of each establishment.

The operations of the SB are governed by a special internal regulation that details its activities. This includes analysis of information flows, transmitted on a quarterly basis by the contact persons of the various corporate processes, periodical meetings with certain heads of functions in the areas most at risk, and regular meetings with the Board of Directors and the Board of Statutory Auditors.

The SB also takes charge of reports received through specific dedicated channels (e-mail address, mailboxes in each establishment and ordinary mail), and carries out the appropriate investigations to verify and investigate said reports before informing the Board of Directors so that the latter can take any corrective or punitive action necessary.

Any reports received are dealt with in accordance with all the rules governing privacy and the protection of whistleblowers laid down by Padana Tubi.

In addition to the rules specified in the OMCM and the Code of Ethics, the procedures adopted by the Company pursuant to ISO 9001, ISO 45001 and ISO 14001 certification are taken into account.

Every six months, the Supervisory Board draws up a report for the Board of Directors, complying with all the rules in terms of privacy and protection of whistleblowers, and an audit is scheduled annually for each corporate process (see below), focusing on those most at risk:

- Purchase of goods, services and consultancy
- Production management and marketing
- Tax offence management
- Management of monetary and financial flows
- Occupational health and safety management
- Cyber security management
- Management of sponsorships, donations and gifts
- Relations and obligations with government entities
- Personnel selection, recruitment and management

## 2.3 Economic sustainability and generated value

### Financial performance

**2021 was in many respects a year of strong recovery for the entire European steel supply chain, which saw a better than expected growth in demand for steel to pre-pandemic levels.**

After a period characterised by a sharp and generalised decline in the economy and production due to the effects of the Covid-19 pandemic and the measures introduced by governments to limit the spread of the virus, 2021 saw a recovery in production in most countries. In particular, Italian steel production as of December 2021 was 24.4 million tonnes, an increase of 19.8% compared to 2020<sup>1</sup>.

Against this backdrop, in 2021 **Padana Tubi's turnover increased by 60% compared to the previous year**, and for the first time ever exceeded €1 billion, specifically **€1,235,143,369**. Similarly, **net profit was €119,864,011, more than double the previous year's figure.**

This increase is linked to several factors, including the recovery in volumes produced and shipped following the recovery of the markets, but above all to the unprecedented increase in the prices of all steel products. Indeed, due to the production slowdowns of all the world's steelworks during 2021, which began with the outbreak of the pandemic in 2020 and continued with the various "waves" of health emergencies, supply and demand for steel products underwent a clear and lasting imbalance, further conditioned by the continued enforcement of European measures on safeguard quotas, which in fact skewed purchasing options. In a generally across-the-board manner, this caused an increase in both carbon and stainless steel coil prices, longer lead times for purchase orders, a change in supply "geographies", logistical complications and an increase in the cost of secondary materials.

Thanks to its consolidated network of relations with European and non-European coil suppliers, even during the times of greatest shortage Padana Tubi was able to implement its raw material purchasing strategies in a balanced manner, drawing on its own warehouse when necessary, in order to guarantee continuity of production at all plants and seize any opportunities on outlet markets.

While Padana Tubi continues to make an important and strategic share of its purchases in Europe, the particular market context has allowed it to increase the volumes supplied from abroad, particularly Southeast Asia.

TABLE 4 - MAIN ECONOMIC AND FINANCIAL DATA OF PADANA TUBI

ECONOMIC DATA	2020	2021
Turnover	744,884,803	1,235,143,369
Value of production	742,291,847	1,245,473,677
Net profit	54,027,761	119,864,011
EBITDA	95,363,742	215,154,209
EBITDA/VAL of Prod%	0.13	0.18

FINANCIAL DATA	2020	2021
Net equity	610,959,466	726,315,296
Net Financial Position (NFP)	264,979,645	306,673,231
Capital expenditure in property, plant and equipment	125,259,335	134,735,024

<sup>1</sup> Source: Federacciai "Acciaio: 2021 di crescita per la produzione nazionale"

The results achieved will make it possible to implement planned investments even more decisively and to bring forward the timetable for further projects.

**During 2021, Padana Tubi increased its total capital expenditure in property, plant and equipment by 7.6%** and pursued other activities concerning investments in infrastructures, in particular:

- the **installation of the SMS Group carbon line** of up to 18 mm thickness and 457 mm in diameter in the 38,000m<sup>2</sup> Via Salati plant, the construction of which started in 2020 during the first wave of the Covid-19 pandemic;
- the **purchase of an area adjacent to the plant in Via De Gasperi** to expand the existing plant and thus provide a larger area for storing material. This expansion amounted to approximately 2,500m<sup>2</sup>;
- the launch of a **new project to build a production facility of approximately 15,000m<sup>2</sup>** for future
- **revamping** operations that will allow the extension of ranges on existing lines with significant quality improvements and the achievement of ever higher safety standards.

**During the year, the ISO 9001, ISO 45001 and ISO 14001 systems for quality, health and safety and environmental management were further implemented and enriched, and the process was started for ISO 14064 certification (Corporate Carbon Footprint, in fact achieved in the second half of 2022), which allows the organisation to quantify its GHG emissions in order to implement Carbon Management policies.**

#### Economic value generated and distributed

For Padana Tubi, the creation of value for all stakeholders cannot be separated from the attainment of positive economic performance, and therefore, as shown here, 2021 was characterised by a greater distribution of the economic value directly generated by the Company during the reporting period and its distribution to the various internal and external stakeholders.

The following table was prepared by restating the Income Statement of the annual Financial Statements and summarises the following items:

- **Economic Value Generated** - this refers to the Value of Production as per the Financial Statements for the year in question (Revenues from Sales and Services and Other Operating Revenues) plus financial income and changes in inventories of products under processing, semi-finished and finished products.
- **Economic Value Distributed** - this refers to the wealth generated and distributed to certain categories of stakeholders who, through their different contributions, have participated in the generation of value and/or who are otherwise among the main stakeholders.  
The item "Suppliers-Operating Expenses" also took into account inventories of raw materials, consumables and goods.
- **Retained Economic Value**, on the other hand, represents the portion of economic resources retained within Padana Tubi for its own sustenance and sustainability over time. The value includes amortisation and depreciation of intangible and tangible assets and profit for the year net of the amount of dividends distributed.

**The Economic Value Distributed to the various stakeholders in 2021 amounted to €1,078,559,489, 87% of the total value generated (€1,246,823,800 in 2021), an increase of 61% compared to the previous year. The main stakeholder categories involved are suppliers, government authorities and human resources, for whom 79%, 4% and 3% of the wealth generated was distributed respectively, consistent**

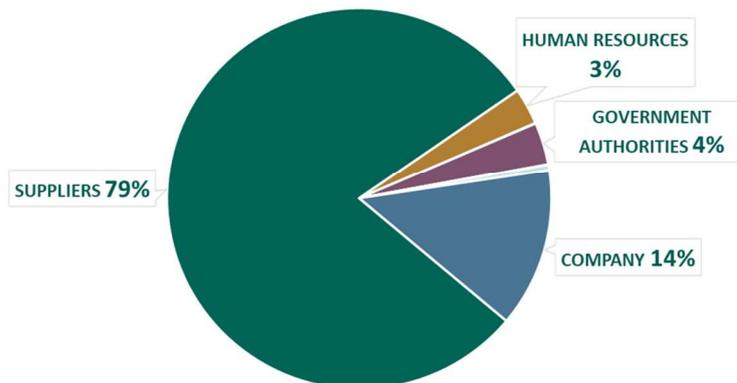
with the increase in spending on suppliers recorded during the reporting year and the growth of the organisational structure, which saw an increase of 4% (25 people) during 2021.

The **value retained in the Company amounted to €168,264,311**, relating to the difference between economic value generated and distributed, a significant increase over the previous year (€73,280,227) and consistent with the positive results at year-end.

TABLE 5 - ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED

DETERMINATION AND DISTRIBUTION OF ADDED VALUE	2020	%VAL	2021	%VAL
<b>ECONOMIC VALUE GENERATED</b>	<b>742,676,809</b>	<b>100%</b>	<b>1,246,823,800</b>	<b>100%</b>
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>669,396,582</b>	<b>90.1%</b>	<b>1,078,559,489</b>	<b>86.5%</b>
Suppliers - Operating expenses	608,515,771	81.9%	988,367,674	79.3%
Human resources - Payroll	35,776,673	4.8%	38,596,235	3.1%
Banks and other financial institutions - Financial expenses	462,923	0.1%	453,990	0.0%
Government authorities - Taxes	19,582,228	2.6%	44,641,788	3.6%
Local community - Donations and association fees	550,805	0.1%	567,983	0.0%
Shareholders - Dividends distributed	4,508,182	0.6%	5,931,819	0.5%
<b>ECONOMIC VALUE RETAINED</b>	<b>73,280,227</b>	<b>9.9%</b>	<b>168,264,311</b>	<b>13.5%</b>

Distribution of added value to Padana Tubi's stakeholders - 2021



For the sake of clarity of presentation, the reconciliation between Retained Value and Net Profit for the period is shown below. The statement includes depreciation and amortisation of tangible and intangible assets, provisions, value adjustments of financial assets, and part of other operating expenses.

ECONOMIC RECONCILIATION	2020	2021
<b>ECONOMIC VALUE RETAINED</b>	<b>73,280,227</b>	<b>168,264,311</b>
Amortisation of intangible fixed assets	336,678	369,082
Depreciation of property, plant and equipment	22,658,528	52,626,590
Other impairment losses on property, plant and equipment	-	-
Impairment of receivables under current assets	280,794	443,745
Provisions for risks	-	-
Sundry operating expenses	404,665	1,173,106
Exchange rate gains and losses	79,983	(280,404)
Profit allocated to a reserve	49,519,579	113,932,192*
Dividends	4,508,182	5,931,819
Net profit	54,027,761	119,864,011

\*The amount shown does not include the portion of dividends that were fully allocated to reserves in 2021 at the time of approval of the Financial Statements. Distribution of a portion of the extraordinary reserve was subsequently decided.



### 3. The Value of People and Human Resources

### 3. THE VALUE OF PEOPLE AND HUMAN RESOURCES

**For Padana Tubi, human resources represent an indispensable and precious value for the Company's development.**

Care for people in the Company is inspired by the principles of the Code of Ethics and, with this in mind, the Padana Tubi makes a public commitment to ensure that there is dialogue and communication in the workplace environment to ensure that no form of discrimination can flourish.

The steel industry is characterised by a high level of technical specialisation and a continuous focus on process innovation and energy resource management. These aspects, closely related to value chain management, have clear direct and indirect impacts on the creation of a competitive advantage for companies and the management of relations with stakeholders, employees in particular.

**In its personnel management, Padana Tubi promotes interventions and projects aimed at training and professional development in full compliance with the law, with particular reference to topics related to occupational health and safety.**

In its personnel selection and management policies, the Company adopts criteria of merit and enhancement of the skills, competencies and potential of individuals, and guarantees equal opportunities for all employees, striving to ensure that management is exercised with fairness and equity. At any rate, everyone is required to contribute to the promotion and maintenance of a safe, relaxed and favourable working environment for both interpersonal and professional relations, on a footing of equality and mutual fairness, respecting the freedom and dignity of each individual.

#### 3.1 The people of Padana Tubi

An examination of the composition of Padana Tubi's workforce reveals that the **total number of employees at December 31, 2021 was 715 (an increase of 25 (+4%) compared to the previous year), of which 661 were men and 54 women.**

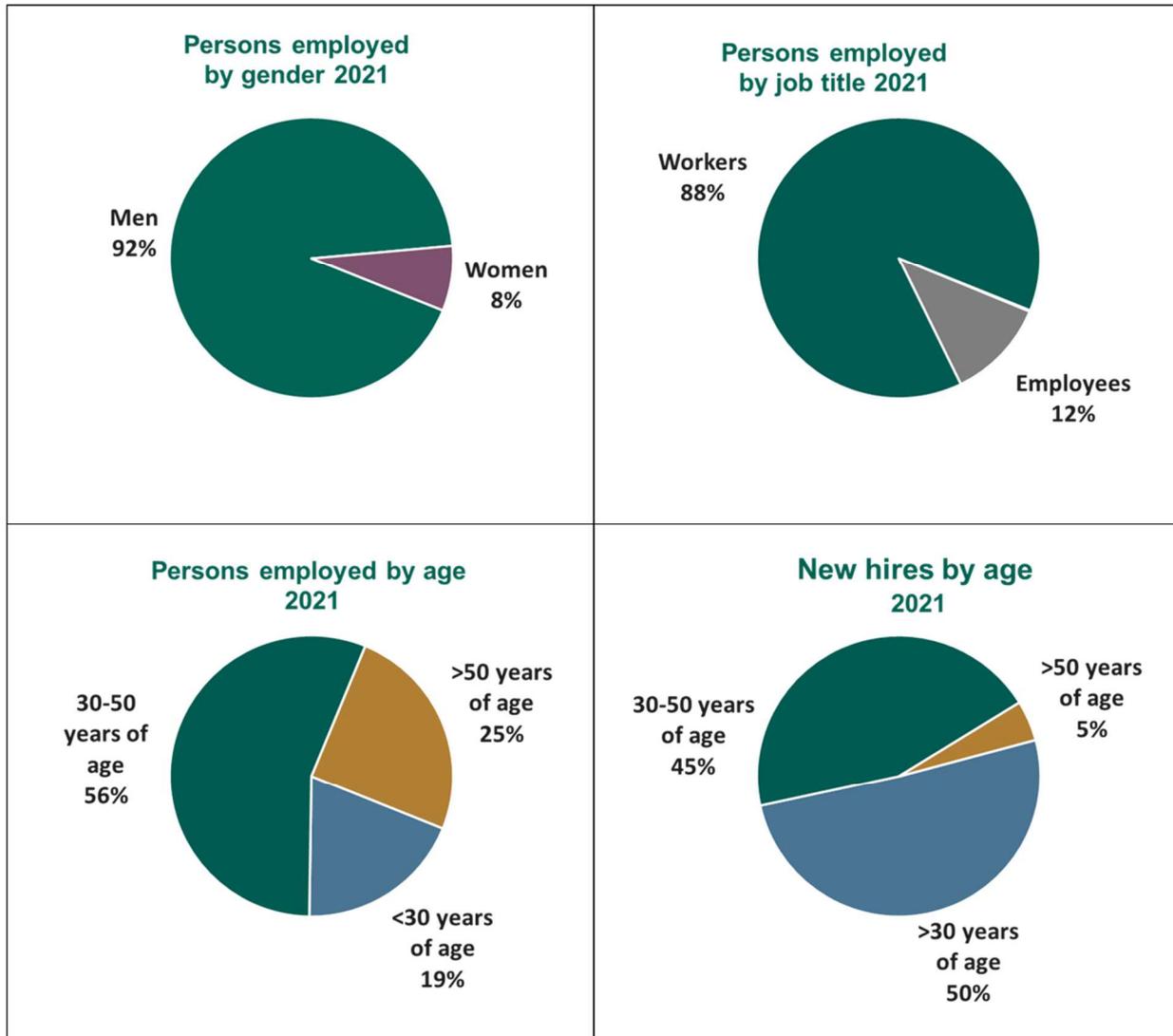
With reference to the structure of employment, it should be noted that the direct employees in the industry are mainly men aged between 30 and 50, employed with open-ended contracts and blue collar status.

Management of working policies and conditions for all Padana Tubi employees is governed by national collective labour agreements for the metalworking and plant installation industry and by a supplementary Company-based contract.

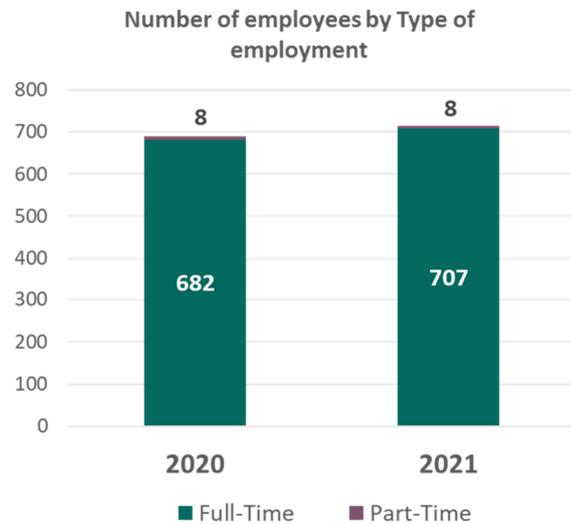
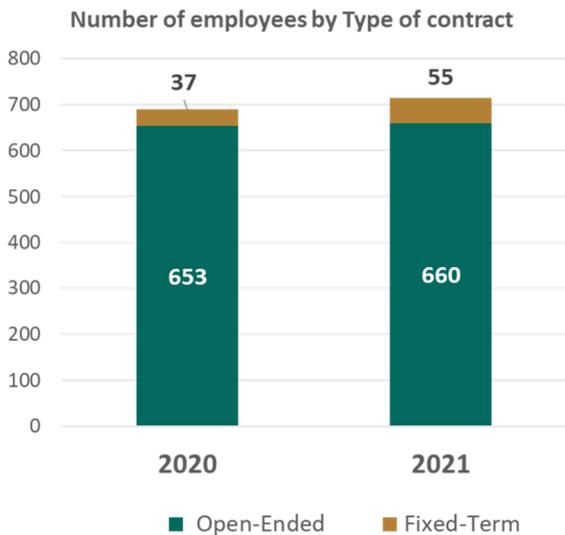
With reference to the classification of the employees by gender, a survey conducted by Federacciai showed that the steel industry is characterised by a strong male component, around 92% of the workforce, and a limited incidence of women of 8%. The gender composition observed appears to be in line both with the type of activity carried out in the industry and with cultural baggage, according to which the sector is expected to offer jobs predominantly to men. However, it should be noted that in the period 2018-2020, the female incidence increased by 1.9%, while the male incidence decreased by 1.8%.

**Padana Tubi's gender composition over the 2020-2021 period, characterised by 92.5% men and 7.5% women,** is already in line with the latest average data recorded by Federacciai in its Sustainability Report 2021. As a result, the historical focus on female employment allows Padana Tubi to stand apart by more than two percentage points from its main competitors, which employ 96% men and 4% women.

With reference to the classification of personnel by professional qualification and age, the data collected show that the most represented category in the Company is blue collar workers, which numbered 632 at the end of the reporting year, hence 88% of the total workforce. This was followed by office workers, who numbered 83, or 12% of the total workforce. As far as the breakdown by age group is concerned, 56% of Padana Tubi's workforce is made up of employees aged between 30 and 50 and 25% aged over 50, while the under-30s account for 19% of the workforce, a 6% increase over the previous year.



As far as contractual status is concerned, Padana Tubi prefers the form of an **open-ended contract (93% of personnel in 2021)** and **full-time employment (99% of personnel in both 2020 and 2021)**. **Hiring of personnel is at all times done through direct contracts with the Company itself, thereby avoiding the use of agency labour. These figures fully represent the importance of human capital retention and the willingness to receive and offer stability.** Thus, on the one hand, it ensures the presence of a stable and experienced workforce, all of whom are employed internally by the Company and, on the other, it offers its employees a secure and continuous job. In particular, it should be noted that, despite the period of uncertainty following the economic crisis arising out of the health emergency, the share of open-ended contracts remained unchanged, including for new hires.



**During 2021, there were 65 new hires** (of which 3 women and 62 men) against 40 departures. Padana Tubi gives a lot of attention to youth employment, a fact that can be seen from the data on new hires, who are mainly young workers. Indeed, in 2021 **50% of new hires were under 30 years of age** (54% in 2020) **and 45% between 30 and 50 years of age** (41% in 2020).

From 2022 onwards, workers under 30 will be given the opportunity to undertake several hours of voluntary professional training under the new Company-based contract.

Furthermore, when looking at staff turnover, it can be seen that, despite the restrictions and production stoppages related to the Covid-19 pandemic, the rate of new hires<sup>2</sup> between 2020 and 2021 remained constant at between 9% and 10%, as did the number of people who left the Company<sup>3</sup>, 6% in 2021. However, despite the events of the last two years, 2021 also ended with an **overall increase in the number of employees in the Company (+4%)**.

The increase in employment also has a strong local significance, since a large part of the workforce comes from the province of Reggio Emilia.

<sup>2</sup> What we shall term the “positive turnover rate” is calculated by means of the ratio of the number of persons hired during the period under consideration to the total number of staff at the beginning of the year.

<sup>3</sup> What we shall term the “negative turnover rate” is calculated by means of the ratio of the number of persons who left the Company during the period under consideration to the total number of staff at the beginning of the year.

TABLE 6 - INFORMATION ON EMPLOYEES

Employees by type of contract and gender	2020			2021		
	Women	Men	Total	Women	Men	Total
Open-ended	52	601	<b>653</b>	51	609	<b>660</b>
Fixed-term	2	35	<b>37</b>	3	52	<b>55</b>
<b>Total</b>	<b>54</b>	<b>636</b>	<b>690</b>	<b>54</b>	<b>661</b>	<b>715</b>

Employees by type of employment and gender	2020			2021		
	Women	Men	Total	Women	Men	Total
Full-time	49	633	<b>682</b>	49	658	<b>707</b>
Part-time	5	3	<b>8</b>	5	3	<b>8</b>
<b>Total</b>	<b>54</b>	<b>636</b>	<b>690</b>	<b>54</b>	<b>661</b>	<b>715</b>

NEW HIRES	2020		2021	
	Qty.	%	Qty.	%
<b>Total new hires (Positive turnover rate)</b>	<b>66</b>	<b>10%</b>	<b>65</b>	<b>10%</b>
Men	61	92%	62	95%
Women	5	8%	3	5%
< 30 years of age	36	54%	33	50%
30-50 years of age	27	41%	29	45%
> 50 years of age	3	5%	3	5%
TERMINATIONS	2020		2021	
	Qty.	%	Qty.	%
<b>Total terminations (Negative turnover rate)</b>	<b>37</b>	<b>6%</b>	<b>40</b>	<b>6%</b>
Men	34	92%	38	95%
Women	3	8%	2	5%
< 30 years of age	14	38%	8	20%
30-50 years of age	12	32%	16	40%
> 50 years of age	11	30%	16	40%

EMPLOYEES by professional profile and gender	2020			2021		
	Women	Men	Total	Women	Men	Total
Senior management	0	1	<b>1</b>	0	0	<b>0</b>
White collar workers	49	34	<b>83</b>	49	34	<b>83</b>
Blue collar workers	5	601	<b>606</b>	5	627	<b>632</b>
<b>Total</b>	<b>54</b>	<b>636</b>	<b>690</b>	<b>54</b>	<b>661</b>	<b>715</b>
<b>Percentage</b>	<b>8%</b>	<b>92%</b>	<b>100%</b>	<b>8%</b>	<b>92%</b>	<b>100%</b>

EMPLOYEES by professional profile and age group	2020				2021			
	<30 years of age	30-50 years of age	> 50 years of age	Total	<30 years of age	30-50 years of age	> 50 years of age	Total
Senior management	0	0	1	<b>1</b>	0	0	0	<b>0</b>
White collar workers	16	56	11	<b>83</b>	18	52	13	<b>83</b>
Blue collar workers	112	356	138	<b>606</b>	118	342	172	<b>632</b>
<b>Total</b>	<b>128</b>	<b>412</b>	<b>150</b>	<b>690</b>	<b>136</b>	<b>394</b>	<b>185</b>	<b>715</b>
<b>Percentage</b>	<b>18.5%</b>	<b>59.7%</b>	<b>21.7%</b>	<b>100%</b>	<b>19%</b>	<b>55%</b>	<b>26%</b>	<b>100%</b>

### 3.2 Enhancing human capital and skills development

The Sustainability Report 2021 presented by Federacciai notes how training in the steel industry is experiencing quite significant changes due to the issues faced by companies in recent times. These have taken place as a result of shifting company strategies which, despite the year of the pandemic, are increasingly characterised by investments in technology in order to make plants innovative and companies more competitive.

In the light of the physiological and constant increase in the skills required of workers who operate every day in state-of-the-art plants, Padana Tubi enhances the value of its people, enriching their wealth of experience and knowledge through targeted information, education and training courses. **The Company believes that professional development is central to fostering business development, guaranteeing quality and ensuring that work is done safely.**

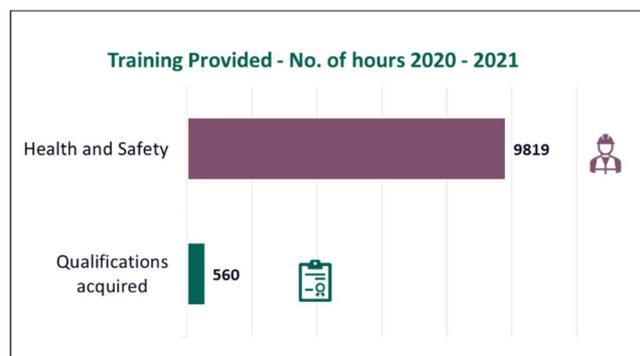
On an annual basis, and in conjunction with external companies, Padana Tubi plans technical training courses, both compulsory and voluntary, for the development of personnel skills.

During the two-year period 2020-2021 under consideration in this Sustainability Report, training courses were delivered mainly on the following topics:

- specialised technical skills (theory and practice) for the use of specific equipment;
- obtaining specific technical qualifications;
- health and safety;
- internal work procedures;
- environmental management systems.

Specifically, **Padana Tubi delivered a total of 10,379 hours of training, of which 6,318.5 hours during 2021, an increase of 56% compared to 2020, a year in which no specific training activities were delivered due to the limitations imposed by the Covid-19 pandemic (with the exception of health and safety courses).**

During the reporting year, 28 workers successfully completed the training course to become qualified welders.



Training provided in the field of workers' health and safety consists of a general and specific course pursuant to Article 37(2) of Legislative Decree No. 81/2008 and regulated in terms of content by the State-Regions Agreement in force since January 26, 2012 for all workers employed in the Company.

Refer should be made to the dedicated section 3.4 *Occupational Health and Safety* of this document for a more detailed description of the training activities carried out in the field of health and safety.

The Company has implemented an **employee performance appraisal process** that enables it to analyse the work of its staff, with a view to continuous improvement and professional growth. Evaluations are carried out by the HR manager normally once a year

### 3.3 Equal Opportunities and Protection of Human Rights

**Padana Tubi considers the well-being of employees to be a fundamental aspect in ensuring a corporate climate that values people and promotes a harmonious work-life balance.**

The Company is committed to respecting the issues and principles contained in the fundamental human rights conventions of the International Labour Organisation (ILO), ratified by Italy, and declares that no cases of discrimination occurred during the reporting period.

Padana Tubi's total workforce in 2021 consisted of 20 people belonging to protected categories, 19 of whom are male and 1 female.

With regard to freedom of association and collective bargaining, Padana Tubi is engaged in an ongoing dialogue with trade unions with the aim of ensuring compliance with regulations and meeting the needs of employees. In particular, collective bargaining is applied to 100% of the workforce and follows the provisions of the **first- and second-tier metalworkers' collective bargaining agreements**. The OMCM and the Code of Ethics specify all areas to be protected in relations with staff and with employer and worker organisations. Therefore, as provided for in these collective agreements, employees can take advantage of flexible benefits, including the disbursement of shopping vouchers for an annual amount of €200 each, access to medical assistance programmes (Metasalute Fund) and the taking out of health insurance for workers suffering from Covid-19.

The importance that Padana Tubi attaches to its people and to the value of their commitment and dedication in their daily work, has driven the Company to improve the working conditions of its employees and increase their internal involvement, with the aim of offering services and welfare programmes to meet their specific needs.

In the course of 2021, the company carried out a survey involving all employees anonymously. The aim was to develop more knowledge with regard to actions to be taken to improve well-being and the corporate climate with a focus on the balance of work-life needs.

On its 50<sup>th</sup> anniversary, Padana Tubi promoted two important employee health and welfare initiatives: **comprehensive cardiology screening for employees and the "Recommencing, Together" project**.



In the light of the serious socio-economic consequences that the pandemic has wrought worldwide, the Company has promoted the "Recommencing, Together" project, an initiative launched in response to the Alfieri family's desire to be supportive not only of its workers but also, as entrepreneurs belonging to the community hard hit by the virus, of the many businesses in the area most affected by the long lockdown. The initiative provided for the disbursement of shopping vouchers worth a total of €500 for each worker, to be spent in the eleven municipalities of the Bassa Emiliana e Lombardia, where most employees reside, and to be used from June 2020 to January 2021, with amounts divided by type of purchase.

See *Chapter 6. Social commitment and relations with the local area* of this document for a more in-depth discussion of the initiatives.

### 3.4 Occupational health and safety

Padana Tubi considers the health and safety of its employees as an objective of primary importance for the success of the Company, on a par with quality, production and commercial targets.

For this reason, it has voluntarily chosen to equip and certify its **management system in accordance with the requirements of ISO 45001:2018, in order to promote and guarantee the workplace health and safety** of its employees in all locations where its staff are called upon to work.

It is also committed to guaranteeing working conditions that respect individual dignity and a safe and healthy working environment, including through the dissemination of a culture of safety and risk awareness and by promoting responsible behaviour by employees and collaborators who, within the scope of their duties and functions, participate in the process of risk prevention, environmental protection and health and safety protection for themselves, their colleagues and third parties.

With this in mind, each employee is required to contribute personally to maintaining the safety of the working environment in which he or she works, and to behave responsibly in order to protect himself/herself and others.

In accordance with the principles of the integrated policy and in view of the goal that Padana Tubi intends to pursue, the Company undertakes to:

- ensure that all personnel take responsibility for ensuring that health and safety conditions in the workplace are maintained;
- ensure the highest safety standards by adopting means, procedures and working methods that minimise the risk of accidents and prevent accidents and occupational diseases.

Padana Tubi provides **occupational medicine services** and ensures the quality thereof and ease of access thereto for workers according to the following actions:

- drafting of a health protocol by the Company doctor, based on the findings of the shared risk assessment documents;
- carrying out inspections by the Company doctor whenever there are changes in conditions compared to the past, or when critical issues or doubts arise concerning compatibility between a worker and a given task;
- ensuring the possibility for an employee who so requests to undergo additional examinations in the event of factors that may alter his or her fitness for work.

In addition to what has already been reported, Padana Tubi also offers the possibility of obtaining a free flu vaccination every year.

#### Health and safety training

**Padana Tubi's objective of spreading a culture of health and safety within the workplace is pursued through the regular organisation of general and specific training and education activities and initiatives, in addition to awareness-raising conducted in compliance with local and industry laws and regulations.**

The Company annually carries out a careful planning of courses to be implemented throughout the year through the internal formalisation of a Training Plan, with the possibility of updates if necessary. For the management of deadlines and to support more careful scheduling, the Company intends to make use of a specific software currently being implemented.

Courses are conducted in-house and generally through accredited training schools and/or freelance technical teachers.

**During 2021, the health and safety Training Plan saw a 42% increase in hours compared to 2020. In particular, a total of 5,758.5 hours of health and safety training were provided.** The main courses held in 2021 concerned:

- health and safety training for all workers (general and specific, according to the State-Regions agreement);
- training for managers, supervisors and workers' health and safety representatives;
- firefighting;
- first aid;
- procedures on how to work safely during the various tasks performed on the various production facilities;
- training for operators carrying out work at height;
- training for workers operating in confined spaces;
- training for operators performing work under voltage;
- refresher courses for Prevention and Protection Service Officers and Prevention and Protection Service Managers;
- use of equipment (overhead cranes, forklift trucks, aerial work platforms (AWPs), tractors, automated external defibrillators (AEDs), oxyacetylene torches) and courses for obtaining welding licences.

### Work-related injuries

An examination of employee accident data recorded over the past two years reveals that the number of accidents increased from 45 to 53 in 2021. For a better contextualisation of the figures, certain factors such as the growth in the number of personnel and total hours worked during 2021 are considered together.

Following the calculation methodology used by GRI (the reference framework adopted for this Report), with regard to accidents with serious consequences (absence from work of more than 6 months, excluding fatal accidents) in 2021 no such accidents were recorded. However, the accident severity index is established by Padana Tubi using its own methodology. This index is calculated as the ratio of days lost due to accidents recorded during the year to the manhours worked during the same period. In particular, there was a decrease in the severity index from 0.8 in 2020 to 0.68 in 2021.

During the reporting period, there were no deaths resulting from accidents and no cases of occupational diseases recorded.

Accidents involving employees	2020	2021
Severity Index	0.8	0.68
Manhours worked	1,161,401	1,267,618

In general, the main types of accident recorded in the last two years were caused by:

- falling and slipping
- struck by/banged against
- load handling
- foreign body in the eye
- road accident

Following each accident, hazards are identified through analyses carried out on risk which are then eliminated through the implementation of corrective actions. Where this is not possible, temporary or permanent improvements or containment measures are introduced.

Actions taken to minimise risks consist of:

- continuous awareness-raising of supervisors regarding the conduct of workers and their compliance with operating rules and procedures;
- continuous training and awareness-raising of operators in the correct use of cranes and load handling;
- the ongoing plan to revamp facilities;
- the continuous awareness-raising of operators with regard to the need to maintain order and cleanliness and the appointment of external companies for this purpose.



## 4. The importance of Quality for Padana Tubi

## 4. THE IMPORTANCE OF QUALITY FOR PADANA TUBI

### 4.1 The Quality Management System

Quality is crucial for Padana Tubi and is at the heart of every corporate, strategic and operational choice the Company makes. The orientation towards the highest possible customer satisfaction and customer protection, including by taking heed of requests that may lead to an improvement in the quality of products and services, drives Padana Tubi to strive constantly to understand the market within which it operates and to consider the impact of its every action and behaviour.

In light of this, Padana Tubi is committed to ensuring that it achieves and maintains adequate quality standards for the products it offers and had **its production and organisational processes internationally certified to ISO 9001:2015 requirements**, as well as adopting a **Quality Policy**.

#### Padana Tubi Certifications

##### ISO 9001:2015 “QUALITY MANAGEMENT SYSTEMS”

Padana Tubi has chosen to obtain **certification to guarantee high quality standards in its business processes and ensure maximum customer satisfaction**. Quality Management System certification ensures an organisation’s ability to structure and manage its resources and production processes in such a way as to recognise and satisfy customer needs, including those related to compliance with mandatory requirements, and a commitment to improve this ability on an ongoing basis.

**Date of issue of certificate:** *first certification only for the stainless steel department with IGQ in 1996, which was followed (after a process that began in 2008) by carbon certification, which resulted in obtaining the first full carbon/stainless steel certification on January 31, 2013.*

**Most recent renewal - January 31, 2022**

##### ISO 45001:2018 “OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS”

Padana Tubi chose to obtain this **certification in order to improve prevention policies and to combat occupational injuries and illnesses more effectively**. It is the first international standard to define minimum standards of good practice for the protection of workers worldwide. It establishes a framework for improving safety, reducing occupational hazards and improving the health and well-being of workers, thus enabling increased health and safety performance.

**Issue date of certificate:** *April 29, 2019 (formerly OHSAS 18001 from May 5, 2016 to May 4, 2019)*

**Most recent renewal April 28, 2022**

## ISO 14001:2016 "ENVIRONMENTAL MANAGEMENT SYSTEMS"

Padana Tubi has chosen voluntarily to become *certified in order to reconcile quality with efficiency and productivity, while respecting the environment and the local area in which the Company operates*. Through this recognition, the Company guarantees its ability to manage its processes, not only in compliance with environmental regulations, but by having a comprehensive policy and setting environmental quality objectives to commit to continuous improvement of its environmental performance.

**Issue date of certificate: November 19, 2021**



**PADANA TUBI E PROFILATI ACCIAIO S.P.A.**  
Via Portamurata, 8/A - 42016 GUASTALLA (RE)

Il dettaglio del sito oggetto di certificazione è in allegato al presente certificato.

Bureau Veritas Certification Holding SAS - UK Branch certifica che il sistema di gestione dell'organizzazione sopra indicata è stato valutato e giudicato conforme ai requisiti della norma di sistema di gestione seguente

**ISO 45001:2018**  
Campo di applicazione

Produzione di tubi e profilati in acciaio mediante piegatura a freddo e saldatura. Produzione di lamiere spianate in acciaio mediante taglio da coils. Commercializzazione di tubi e profilati in acciaio.

Settore/ IAF: 17, 29  
Data della certificazione originale: **29 aprile 2019**  
Data di scadenza precedente ciclo di certificazione: **NA**  
Data dell'Audit di certificazione / rinnovo: **22 febbraio 2019**  
Data d'inizio del presente ciclo di certificazione: **29 aprile 2019**

Soggetto al continuo e soddisfacente mantenimento del sistema di gestione questo certificato è valido fino al: **28 aprile 2022**

N° Certificato - Revisione: IT290501UK - 1 del: **29 aprile 2019**

*Andrea Filippi*  
ANDREA FILIPPI - Local Technical Manager  
Firmato per conto di BVCH SAS UK Branch

Indirizzo dell'organismo di certificazione:  
5th Floor, 66 Prescot Street, London E1 8HG, United Kingdom  
Ufficio locale: Bureau Veritas Italia S.p.A. - Viale Monza, 347 - 20128 Milano, Italia





**PADANA TUBI E PROFILATI ACCIAIO S.P.A.**  
Via Portamurata, 8/A - 42016 GUASTALLA (RE) - Italy

I siti oggetto di certificazione sono in allegato al presente certificato.

Bureau Veritas Italia S.p.A. certifica che il sistema di gestione dell'organizzazione sopra indicata è stato valutato e giudicato conforme ai requisiti della norma di sistema di gestione seguente

**ISO 14001:2015**  
Campo di applicazione

Produzione di tubi e profilati in acciaio mediante piegatura a freddo e saldatura. Produzione di lamiere spianate in acciaio mediante taglio da coils, commercializzazione di tubi e profilati in acciaio.  
IAF: 17, 29

Sistema di gestione valutato secondo le prescrizioni del Regolamento Tecnico ACCREDIA RT-09

Data della certificazione originale: 19-Novembre-2021  
Data di scadenza precedente ciclo di certificazione: NA  
Data dell'Audit di certificazione / rinnovo: 15-Aprile-2021  
Data d'inizio del presente ciclo di certificazione: 19-Novembre-2021

Soggetto al continuo e soddisfacente mantenimento del sistema di gestione questo certificato è valido fino al: 18-Novembre-2024

Certificato Numero: IT311137 Versione: 1 Data di emissione: 19-Novembre-2021

*Giorgio Lanzafame*  
GIORGIO LANZAFAME - Local Technical Manager

Indirizzo dell'organismo di certificazione:  
Bureau Veritas Italia S.p.A. - Viale Monza, 347 - 20128 Milano, Italia



SIGA N° 0080  
Decreto del Duce di San Giovanni Lupatoto (VI) del 12.02.2010  
Decreto del Duce di San Giovanni Lupatoto (VI) del 12.02.2010

Ulteriori chiarimenti sul campo di applicazione di questo certificato e sui requisiti applicati della norma del sistema di gestione possono essere ottenuti consultando l'organizzazione.  
Per controllare la validità di questo certificato consultare il sito [www.bureauveritas.it](http://www.bureauveritas.it)



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**CERTIFICATO**  
Nr. 50 100 11759 - Rev. 02

Si attesta che / This is to certify that

IL SISTEMA QUALITÀ DI  
THE QUALITY SYSTEM OF

**PADANA TUBI E PROFILATI ACCIAIO S.p.A.**

SEDE LEGALE E OPERATIVA:  
REGISTERED OFFICE AND OPERATIONAL SITE:  
VIA PORTAMURATA 8/A  
I-42016 GUASTALLA (RE)

SEDI OPERATIVE: VEDI ALLEGATO 1  
OPERATIONAL SITES: SEE ANNEX 1

È CONFORME AI REQUISITI DELLA NORMA  
HAS BEEN FOUND TO COMPLY WITH THE REQUIREMENTS OF

**UNI EN ISO 9001:2008**

QUESTO CERTIFICATO È VALIDO PER IL SEGUENTE CAMPO DI APPLICAZIONE:  
THIS CERTIFICATE IS VALID FOR THE FOLLOWING SCOPE:

Fabbricazione di profilati in acciaio al carbonio, inossidabili e zincati saldati longitudinalmente, di lamiere in acciaio tagliate su specifica dei clienti e secondo normative nazionali e internazionali (IAF 17)

Manufacture of sections in carbon steel, stainless steel and galvanized steel, longitudinally welded of steel plates cut to customers' specifications and in accordance with national and international regulations (IAF 17)

Per l'Organismo di Certificazione  
For the Certification Body  
TUV Italia S.r.l. Dal / From: 2016-01-31  
Al / To: 2018-09-14

*Andrea Coscia*  
Andrea Coscia Data emissione / Printing Date: 2016-01-12  
Direttore Divisione Management Service

PRIMA CERTIFICAZIONE / FIRST CERTIFICATION: 2013-01-31

"LA VALIDITÀ DEL PRESENTE CERTIFICATO È SUBORDINATA A SORVEGLIANZA PERIODICA A 12 MESI E AL RESUME COMPLETO DEL SISTEMA DI GESTIONE AZIENDALE CON FREQÜENZA TRIENNALE"  
"THE VALIDITY OF THE PRESENT CERTIFICATE DEPENDS ON THE ANNUAL SURVEILLANCE EVERY 12 MONTHS AND ON THE COMPLETE REVIEW OF COMPANY'S MANAGEMENT SYSTEM AFTER THREE YEARS"



**CERTIFICATO**  
Nr. 50 100 11759 Rev.005

SI ATTESTA CHE / THIS IS TO CERTIFY THAT

IL SISTEMA DI GESTIONE PER LA QUALITÀ DI  
THE QUALITY MANAGEMENT SYSTEM OF

**PADANA TUBI & PROFILATI ACCIAIO S.p.A.**

SEDE LEGALE:  
REGISTERED OFFICE:  
VIA PORTAMURATA 8/A  
IT - 42016 GUASTALLA (RE)

SEDI OPERATIVE: VEDI ALLEGATO 1 / OPERATIONAL SITES: SEE ANNEX 1

È CONFORME AI REQUISITI DELLA NORMA  
HAS BEEN FOUND TO COMPLY WITH THE REQUIREMENTS OF

**UNI EN ISO 9001:2015**

QUESTO CERTIFICATO È VALIDO PER IL SEGUENTE CAMPO DI APPLICAZIONE  
THIS CERTIFICATE IS VALID FOR THE FOLLOWING SCOPE OF APPLICATION:

Fabbricazione di profilati in acciaio al carbonio, inossidabili e zincati, saldati longitudinalmente e di lamiere in acciaio tagliate su specifica dei clienti ed in conformità con normative nazionali ed internazionali (IAF 17)

Manufacture of section in carbon steel, stainless steel and galvanized steel, longitudinally welded of steel plates cut to customers' specifications and in accordance with national and international regulations (IAF 17)

Per l'Organismo di Certificazione  
For the Certification Body  
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PRIMA CERTIFICAZIONE / FIRST CERTIFICATION: 2013-01-31

"LA VALIDITÀ DEL PRESENTE CERTIFICATO È SUBORDINATA A SORVEGLIANZA PERIODICA A 12 MESI E AL RESUME COMPLETO DEL SISTEMA DI GESTIONE AZIENDALE CON FREQÜENZA TRIENNALE"  
"THE VALIDITY OF THE PRESENT CERTIFICATE DEPENDS ON THE ANNUAL SURVEILLANCE EVERY 12 MONTHS AND ON THE COMPLETE REVIEW OF COMPANY'S MANAGEMENT SYSTEM AFTER THREE YEARS"

The presence of well-defined operating procedures and instructions, constantly updated with the Company's technical and organisational development, allows Padana Tubi to ensure high quality standards throughout the entire value chain of its business. This includes the incoming acceptance of materials, the inspection and testing of the process and finished product, the supply of reliable products that comply with current regulations, the internal culture of continuous improvement to achieve customer satisfaction, the consolidation of economic sustainability, and the care and monitoring of social aspects and governance.

Inspections are regularly scheduled and carried out in order to have a detailed and up-to-date picture of the Company's situation with regard to the requirements set out in the procedures. In particular, inspections are more frequent and detailed in the areas that are most important for quality, namely, the Commercial Area, the Carbon Steel Production Area, the Stainless Steel Production Area and the Purchasing Area. However, all Company activities are audited at least once a year.

During 2021, training of a new "Quality System Manager", which had begun the previous year, was completed.

## 4.2 Product quality, reliability and safety

The manufacture of products that are fully compliant with national or international regulations or market-recognised standards means that Padana Tubi does not require a design and development phase. The products are offered to the customer without any particular variations except for length, format and raw material, according to the expected variability.

In general, Padana Tubi ensures high quality standards for its products thanks to the special emphasis placed on conducting thorough and accurate product and process controls.

A **batch traceability system for raw materials and finished products** is guaranteed within the Quality System and regulated by an appropriate procedure.

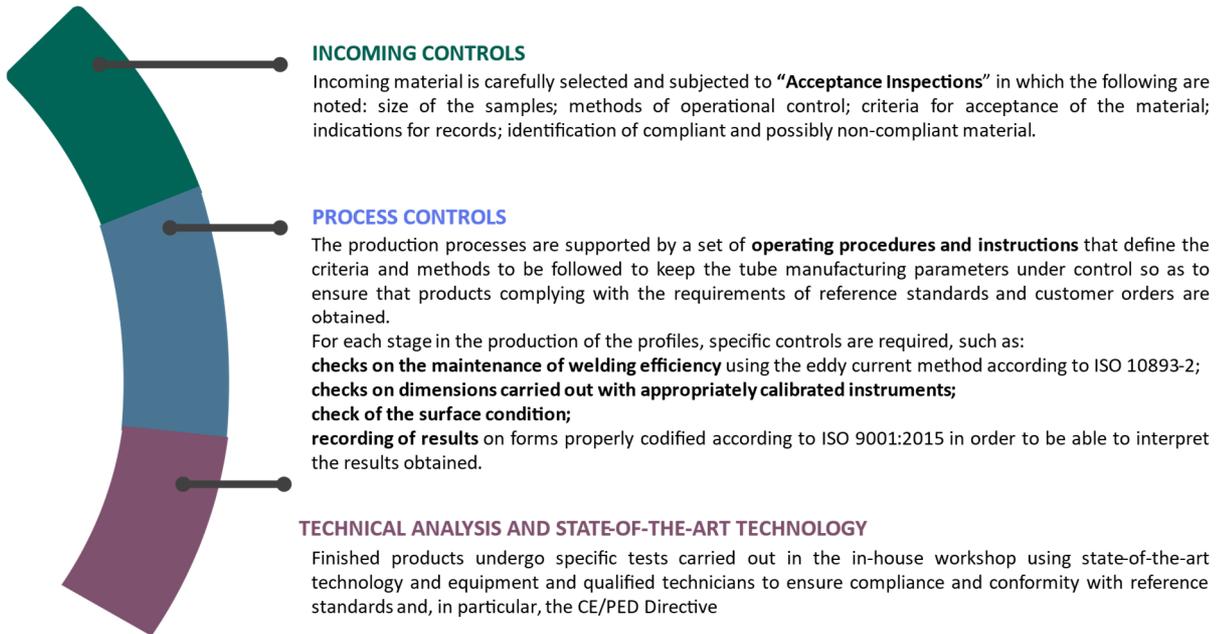
The production flow is as follows:



The traceability of coils, cut strips and tubes is ensured by means of a dedicated coding system. Each coil, each strip generated from a coil and each tube generated from a strip is identified by a unique batch code.

When queried, this code allows the family tree of the product itself to be reconstructed.

The following are the main factors guaranteeing quality: adequate **incoming controls with respect to the procurement of raw materials, timely checks on production processes and the use of state-of-the-art technology and specific expertise for testing finished products.**



### STATE-OF-THE-ART WORKSHOP AND TECHNOLOGY

Padana Tubi guarantees high quality standards on all its products, since the raw materials are carefully selected. Moreover, workshop as well as in-line and off-line production controls are periodically carried out on finished products. In particular, the Company has a **workshop with state-of-the-art equipment** capable of carrying out hardness, tensile, resilience, chemical analysis and macrographic tests on all products. These checks are carried out to verify that the products manufactured meet the technical specifications of the reference standards.

Also during 2021, the surveillance and confirmation audit of compliance with the relevant standards was carried out, in particular:

- for the Carbon Division, Padana Tubi ensures compliance with all the requirements for the certification of factory production control specified in EN 10219-1:2006;
- for the Stainless Steel Division, product-specific inspection certificates are issued in the area of austenitic longitudinal welded steel tubes in the Quality System and in accordance with the Pressure Equipment Directive 2014/68/EU and applied technical specifications (10217).

Assessments of the health and safety impacts of production processes are also carried out. A special emphasis is placed on the welding of stainless steel tubes, where process controls and welding fume collection are particularly important due to the alloying elements present (chromium and nickel). A health protocol dedicated to workers welding these materials was thus drawn up in addition to ensuring compliance with a specific protocol typical of the metalworking sector.



Thanks to the constant focus on quality and continuous monitoring of production processes, in the last two years Padana Tubi has not detected any incidents of non-compliance with relevant regulations regarding health and safety impacts of its products and services.

### PERFORMANCE VERIFICATIONS ACCORDING TO THE EC DIRECTIVE

CE marking requires the manufacturer to prepare a Factory Production Control (FPC), plan which includes continuous verification of the performance characteristics of the profiles. These characteristics are verified in the in-house workshop by means of:

- **a tensile test in accordance with EN ISO 6892-1**, which consists of subjecting a specimen, of specified dimensions, to an increasing tensile stress in one direction until failure. It is used to determine elongation, tensile strength and unit yield strength, characteristics that indicate the quality of the steel and that give an idea of the material's static deformation capacity.

- **a resilience test in accordance with EN ISO 148-1**, which consists of freely dropping a hammer (pendulum) from a predetermined height onto a parallelepiped specimen resting on two ends. This test is used to measure the toughness of a steel, i.e. its ability to absorb energy before breaking.

- **a chemical analysis**, consisting of an analysis of metal samples using a mass spectrometer to identify the percentage of elements present in the alloy.

- **non-destructive testing of welds** using the eddy current method according to iso 10893-2 standard

It is thus possible to carry out product analyses that allow the calculation of the weldability index of steel.

### INVESTMENTS IN QUALITY

\*\* During the financial year 2021, Padana Tubi decided to continue to invest heavily in technological innovation and digitisation of processes by continuing with the **Industry 4.0 project** initiated in previous years by interconnecting other production lines.

This process will facilitate the streamlining of the production process, allowing the monitoring of production with a more detailed evaluation of the related costs, breakdowns and intervention times, and any abnormal consumption, leading, in the long run, to a reduction in energy consumption and waste.

\*\* As far as the Carbon Division is concerned, Padana Tubi continued with the process of building new warehouses that allow for better storage, as well as better vehicle loading and safer working conditions. Production line shutdowns for mechanical and safety adjustments continue on a rotating basis during the year. This year saw the start of **the process of setting up the new SMS production facility and dedicated FIMI slitter**.

## INVESTMENTS IN NEW PRODUCTION LINES

**SMS Group 18' line** (production range from 168 mm diameter to 457 mm diameter and related squares and rectangles).

A production line for carbon steel tubes up to 457 mm in diameter and 18 mm thickness is being commissioned for 2022. Commercial and logistical strength complements technological efficiency to consolidate Padana Tubi's authoritative presence in the global structural tubing market.

A highly innovative FIMI cutting line was installed to serve this system, as well as a special section of the quality control workshop to ensure the necessary upstream and downstream process control support.

\*\* To improve the speed of data management, an IT project was commenced at the beginning of the year to replace the current **Business Intelligence** software with a more advanced one. This software provides faster and more intuitive access to databases, allowing for more effective and efficient controls by the various managers and especially by Senior Management.

During 2021, the transition to the Web version of the Net Pro software was also completed. This software is used for the computerised management of the production process, from the receipt of the raw material to the dispatch of the finished product, using the traceability principle.

The move to this version involves a major technological leap from the version previously adopted. Thanks to the Web version, all types of opportunities are opened up for using the software on the move, i.e. via Tablet, Smartphone or Smartwatch, in addition to classic devices such as PCs, as well as for guaranteeing a higher level of security in user access to the programme and making more efficient use of the IT infrastructure.

### 4.3 Customer satisfaction

Understanding customer needs in order to strive constantly for the greatest possible customer satisfaction and protection is one of the goals that Padana Tubi pursues constantly.

**As of December 31, 2021, Padana Tubi had 820 customers with outstanding contracts, of which about 310 were Italian based while the others were mainly in the EU.**

At the beginning of 2020, an **E-commerce system** was activated which, through an integrated flow to Padana Tubi's management system, allows customers to send requests quickly and conveniently in digital format. The enquiries are then processed by the Company's administrative database system in order to provide a quick offer that can then automate the placing of the order.

The Company deals with customer satisfaction by monitoring two very important aspects:

- complaints management;
- customer satisfaction analysis.

Customer satisfaction is measured through direct contacts between customers and the relevant sales manager and the monitoring of specific indicators identified during the "Management Review". Customer complaints not transmitted through Non-Compliance Reports are recorded on the "Non-Compliance Management" sheet, specifying the problem and setting out the remedies to be implemented to address the complaint. An "indirect" method is used to assess customer satisfaction based on commercial evaluations (e.g. increase in turnover or requests for new products), on reports received from the customer (e.g. supplier evaluation) or from sales personnel. During the "Management Review", the information received is summarised in order to obtain a measurable result of customer satisfaction.

#### PRIVACY AND DATA MANAGEMENT

Personal data relating to customers and suppliers are properly stored and managed as required by privacy legislation.

Through the Privacy Register, Padana Tubi monitors the total number of substantiated complaints received concerning breaches of customer privacy. No cases of privacy breaches or cyber attacks were recorded during 2021.

### 4.4 Responsible supply chain management

Padana Tubi handles relations with suppliers with loyalty, fairness and professionalism, encouraging continuous and synergetic collaborations thanks to its ability to establish solid and long-lasting partnerships built on trust.

Aware of the strategic importance of the supply chain from which it continuously receives strong stimuli, Padana Tubi considers it crucial to select stable, reliable and ethically responsible partners.

**Selection of suppliers and determination of the terms and conditions of purchasing are made on the basis of objective and impartial assessments based on technical and economic criteria, such as quality, price, guarantees provided and other requirements based on need and usefulness.**

The choice of suppliers and contractors is carefully evaluated in order to verify that all workplace health and safety requirements are met, as well as all wage, social welfare and tax obligations. The Company

undertakes to work only with qualified and reputable companies and professionals, who are required to abide by the principles expressed in Padana Tubi's Code of Ethics.

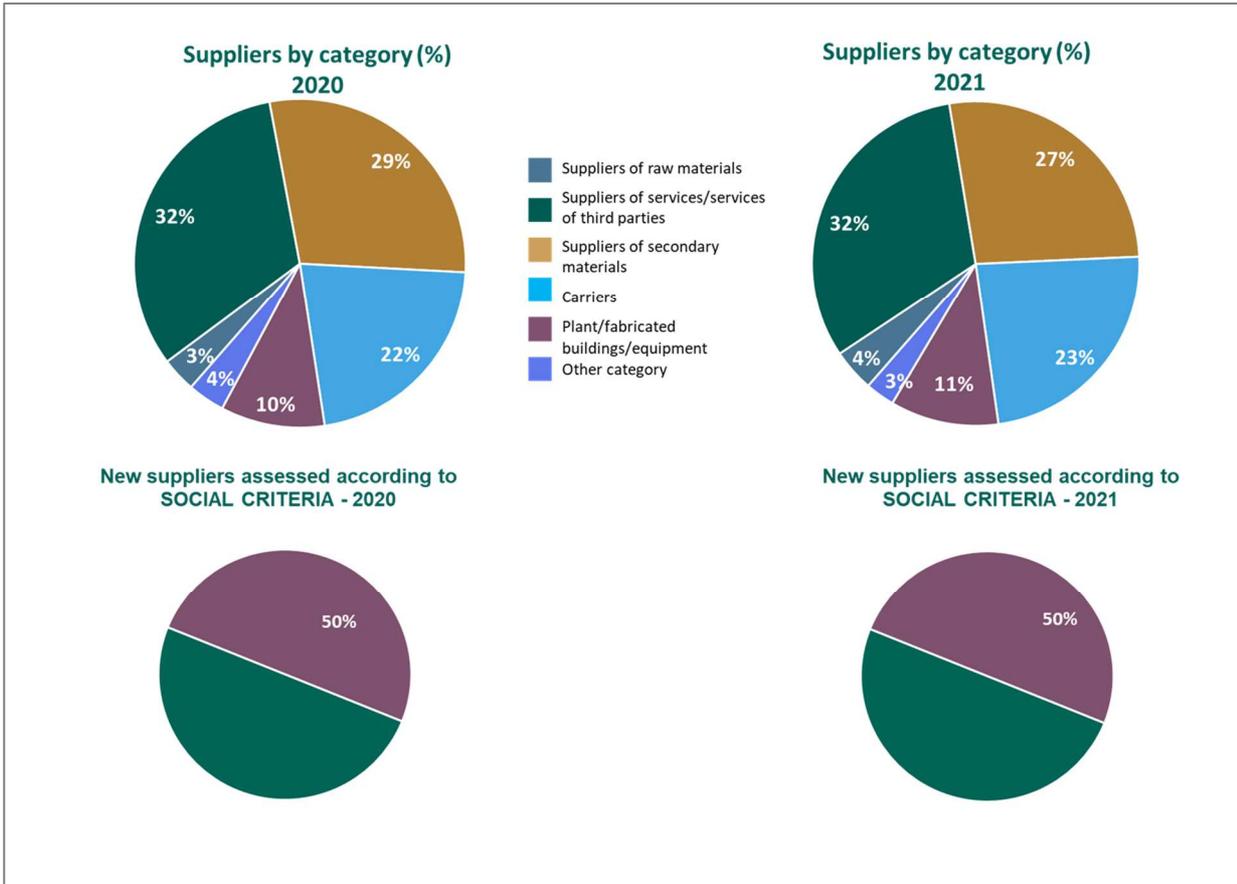
Suppliers provide goods and services and have an influence over the entire business process, since they ensure its continuity and contribute to the quality and reliability of the products and services offered. In particular, Padana Tubi's supply chain consists of the following categories:

- **Suppliers of raw materials**
- **Suppliers of services/services of third parties**
- **Suppliers of secondary materials**
- **Carriers**
- **Suppliers of plant, equipment and fabricated buildings**

In the reporting period covered in this Sustainability Report, **Padana Tubi had a total of 830 suppliers** (3 more than in 2020), while the **total value of supplies in 2021 increased by approximately 70% compared to the previous year.**

Suppliers of raw material (carbon and stainless steel coils) are few in number and for the reporting years purchases from them were distributed evenly between foreign and domestic raw material producers established worldwide. Secondary material suppliers refer to suppliers of consumable and sundry materials needed for production activities. Suppliers are selected and evaluated on the basis of their organisation (normally with a certified quality system) and their ability to provide the necessary documentation to prove product conformity. Service providers provide consultancy services, tube processing such as galvanising, satin-finishing and polishing, equipment and plant maintenance services following the purchase of spare parts from a catalogue or based on drawings, miscellaneous building maintenance services. Last but not least, carriers pick up raw materials and deliver to customers and collect spare parts, equipment or installations from suppliers.

All suppliers are assessed by the Quality System Manager (QSM) together with the various function heads in accordance with the "Supplier Assessment" document that the Company has adopted. **The focus on ethically responsible behaviour has led the Company to evaluate 52 of its new suppliers according to social criteria, including the ability to create employment, the promotion of decent working conditions, the protection of equal opportunities and compliance with social and labour rights.**



The percentage of local sourcing is also on the rise<sup>4</sup>: 61% of supplies come from local suppliers, with a relative expenditure of +42% compared to 2020. Local supplies mainly concern purchases of spare materials, equipment or plant and transport services.

The choice of relying on local supplies for the above purchases facilitates a direct relationship with the supplier, who is better able to understand the purchaser’s needs and therefore facilitates any immediate interventions that may be necessary to resolve faults and/or malfunctions.

The overwhelming majority of suppliers are located in northern Italy, with a greater concentration of these in Lombardy, Emilia-Romagna and Veneto, regions which stand out in particular for the purchase of raw and secondary materials, to which can also be added the supply of stainless steel coils from Umbria. Steelworks, i.e. the suppliers of raw materials, are the main players in the national, EU and Extra-EU supply chain, to which must be added the services rendered by carriers. As far as the latter are concerned, foreign shipments are significantly higher than Italian ones.

PROCUREMENT EXPENDITURE	2020		2021	
	€	%	€	%
Total expenditure for suppliers	595,836,221	100%	1,007,496,965	100%
Budget spent on local suppliers	436,557,503	73%	617,962,460	61.3%

Padana Tubi is constantly striving for higher standards of quality and reliability as well as the need to open up to new markets and, therefore, to international suppliers. These circumstances lead to the search for suppliers of international level and prestige in order to obtain highly specialised technical and technological content without necessarily focusing on local and/or national suppliers.

<sup>4</sup> Local supply means from Italy.

Furthermore, the current market situation has caused changes in the location of suppliers due to difficulties in finding material, and the introduction of anti-dumping duties or safeguard quotas by the European authorities. This requires purchases to be diverted to different areas or to the use of suppliers with faster delivery times than others.



## 5. Environmental protection and sustainable use of resources

## 5. ENVIRONMENTAL PROTECTION AND SUSTAINABLE USE OF RESOURCES

### 5.1 Land preservation

A focus on people, the prevention of injury and illness, and the protection of workers and the environment are the values that led Padana Tubi to adopt an **Integrated Management System - Environment, Health & Safety implemented in accordance with ISO 14001:2015 and ISO 45001:2018 (formerly OHSAS 18001) standards.**

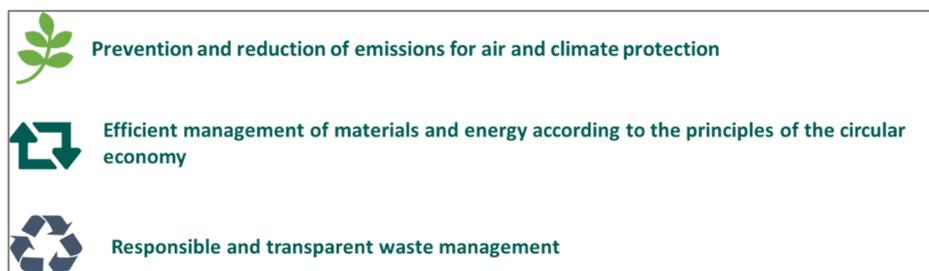
**Padana Tubi carries out its activities with the need to protect the environment in mind, striving to reduce its impacts and to use natural resources in a sustainable way,** aware that the steel industry today also plays an important role in reducing CO<sub>2</sub> emissions and in combating climate change.

Specifically, in order to identify possible strategies and implement actions to reduce GHG emissions associated with the organisation, the Company continued the **process of accounting for and monitoring its greenhouse gas emissions (GHGs) in accordance with ISO 14064-1:2018** for the calendar year 2021.

At a strategic and operational level, Padana Tubi's commitment is developed along three lines:

1. ensuring environmental and health protection through **effective systems for the management and control of environmental impacts geared towards the efficient use of materials and energy;**
2. promoting **the use of sustainable resources, climate change mitigation and adaptation,** and the protection of biodiversity and ecosystems;
3. **preventing pollution** by using selected suppliers to manage waste in compliance with regulations in force, verifying that third parties have the necessary authorisations, registrations or communications to carry out their activities, and working towards process traceability and control of the supply chain.

The Company also makes its development and investment choices by taking into account and limiting the potential impacts of its activities on the local area.



## 5.2 Environmental impacts: consumption and emissions

The centrality and importance of **steel** and the steel industry in the economy and for most industrial sectors, including manufacturing, agriculture, transport and infrastructure, makes it a **key element in the environmental transition and the construction of sustainable and environmentally friendly infrastructures**. Official data published by the UNFCCC3 show that the Italian steel industry's CO<sub>2</sub> emissions more than halved in both absolute and specific terms from 1990 to 2019, and that energy efficiency processes and the use of new technologies are under way to reduce energy consumption per tonne of steel produced by 61%. Despite the positive results achieved, future targets are very challenging. Under the Green Deal programme launched by the new EU Commission at the end of 2019, the Climate Act was finally approved by the EU Parliament in June 2021. This Act significantly raises the medium- to long-term level of ambition for emission reductions in the EU. **In particular, the EU target for reductions by 2030 has been increased from -40% to -55% (compared to 1990) and a binding target of achieving climate neutrality by 2050 has been introduced.**

Steel manufacturers and companies operating in the steel industry are called upon to play a decisive role both in responding to sustainable production demands and in overseeing and managing the positive and negative external effects of their value chain, contributing in no small measure to the fight against climate change.

Conscious of this, Padana Tubi shares the need to make the steel industry more sustainable, especially from an environmental point of view, and is committed to taking increasingly more actions aimed at reducing the energy intensity per unit of product, striving to increase overall energy efficiency, the use of energy from renewable sources, and the monitoring of CO<sub>2</sub> emissions associated with its production activities.

### Consumption levels

The manufacture and processing of steel requires large amounts of energy. Reducing consumption by improving energy efficiency is therefore an important goal for both environmental and economic reasons.

**Padana Tubi contributes substantially to climate and environmental protection by using 100% clean electricity from renewable energy sources, which it purchases from the South Tyrolean supplier Alperia.**

In addition, Plant G, at which the cold working of laser-welded stainless steel tubes takes place, uses self-generated energy from photovoltaic systems installed on the roofs of the Company's neighbouring warehouse facilities.



Padana Tubi uses **electricity for all production processes and for auxiliary and general services, while natural gas is used primarily for heating.**

The Company has an accurate production monitoring system broken down by cutting line and production line (in turn split into the different lines). The division of electricity consumption by macro-area and functional area shows that consumption is mostly attributable to the main activities and confirms that the production line department is the most energy-intensive. In particular, the main activities include strip loading, strip end-welding, forming, welding, calibrating, tube inspection and packing. Auxiliary services include the compressed air production plant, extraction and the emulsion

water plant, while general services include lighting and winter heating of the indoor areas of the plant, which is provided by natural gas boilers.

As far as lighting is concerned, the technology currently installed at the plant is neon/LED. For some years now, Padana Tubi has been replacing neon tube ceiling lights with LED technology in its various plants. The system is dimmable, not timed and has no twilight sensors.

The Company also uses **diesel** for vehicles and internal transportation.

**Padana Tubi consumed energy (electricity, natural gas and diesel) totalling 348,326 GJ in 2021 and 341,123 GJ in 2020.**

**The total amount of energy generated by photovoltaic panels in 2021 was 2,882 GJ.**

ENERGY CONSUMPTION	2020	2021
<b>TOTAL ENERGY CONSUMED WITHIN THE ORGANISATION (GJ)</b>	<b>341,123</b>	<b>348,326</b>
NATURAL GAS (for heating purposes)	138,249	135,797
ELECTRICITY CONSUMPTION (GJ)	193,386	202,594
<i>Of which:</i>		
<i>Electricity purchased</i>	192,323	199,712
<i>Electricity generated by photovoltaic panels<sup>5</sup></i>	1,063	2,882
FUEL CONSUMPTION FROM NON-RENEWABLE SOURCES (GJ)	9,488	9,935
<i>Of which:</i>		
<i>Diesel (for the Company fleet)</i>	9,473	9,920
<i>Petrol (for the Company fleet)</i>	15	15

### Energy intensity

To measure efficiency levels, the energy intensity indicator was calculated, meaning the specific energy consumed within the organisation per tonne of steel processed. Below are the ratios expressed in GJ/tonne for each energy carrier considered.

**In 2021, Padana Tubi's energy intensity amounted to 0.45 GJ/tonne, a 4% reduction compared to the previous year (0.471 GJ/tonne).**

More precisely, each tonne of steel produced required the specific energy consumption levels given in the table below:

ENERGY INTENSITY RATIO (GJ/t)	2020	2021	Change (%)
Natural gas	0.191	0.175	-8.0%
Electricity	0.267	0.262	-1.9%
Fuel	0.0131	0.0128	-1.9%
<b>TOTAL ENERGY CONSUMED WITHIN THE ORGANISATION</b>	<b>0.471</b>	<b>0.450</b>	<b>-4.4%</b>

### Energy efficiency

As required by law, Padana Tubi carried out an Energy Diagnosis in 2019, which involved three production plants and through which in-depth information on the Company's energy profile was acquired and analysed, thereby making it possible to evaluate the most effective and appropriate

<sup>5</sup> The energy self-generated and consumed during 2021 includes the photovoltaic system of the B, I, L and M plants.

interventions required to reduce consumption levels and hence the environmental impact and operating costs.

To this end, for several years now Padana Tubi has been **replacing all the welding generators used in its high-frequency production lines and installing newly designed machines with significantly higher energy efficiency levels.**

**Using transistors instead of triodes, the new technologies allow energy savings of up to 35% in the tube welding process.**

Another action which characterised 2021, and which was targeted at increasing the share of renewable energy generated, was the **commissioning of the photovoltaic system installed on the plant in Via Roncaglio (B). This added another 363.44 KWp to the 322 KWp of the previous installations, saving an additional 29.36 TOE per year.** Also in 2021, systems of 260 KWp and 1834 KWp were installed on the N and O plants in Via Portamurata and Via Salati respectively. These will start generating clean energy in 2022.

### Emissions

With a view to continuous improvement, and with particular reference to its environmental impacts, Padana Tubi has embarked on a process of reporting on the emission and removal of greenhouse gases (GHG) related to its business activities.

At the time of writing, the **organisation's Carbon Footprint study pursuant to ISO 14064:2019** has been completed and certified.

The reporting period is the calendar year 2021. Data are therefore disclosed for total direct emissions (Scope 1), indirect emissions from energy consumption (Scope 2) and other indirect emissions from upstream and downstream activities of the organisation (Scope 3) as identified in the study<sup>6</sup>. As this is the Company's first Sustainability Report, the study carried out, and the main results disclosed below, will serve as a baseline for comparison with the Company's subsequent GHG inventories and for the implementation of a carbon management plan containing interventions aimed at reducing residual emissions.

GHG emissions and removals are divided into the following categories:

#### Scope 1 - direct emissions from Company operations

- *Combustion from fixed/stationary sources* (consumption of natural gas for heating or for the production process);
- *Combustion from mobile sources* (fuel consumption by the fleet of Company vehicles used for employee mobility and to transport goods inside and outside the plants);
- *Refrigerant leaks.*

#### Scope 2 - Indirect emissions from energy imported

- *Electricity taken from the grid.*

#### Scope 3 - Other indirect emissions deriving from the organisation's upstream and downstream activities

- *Inbound logistics* (transport of raw materials, outward and return journeys of semi-finished products);

<sup>6</sup> Emissions classified here as Scopes 1, 2 and 3 in line with the GHG Protocol are shown within the Padana Tubi CFO study divided into Categories 1, 2, 3, 4 and 5 in accordance with ISO 14064:2019.

- • *Outbound logistics* (transport of finished products to customers, transport of Company waste to treatment sites);
- *Employee business trips*;
- *Employee commuting*;
- *Goods and services purchased*;
- • *Purchase of capital goods*;
- • *Disposal of liquid and solid waste*;
- • *Upstream portion of fuel used in Company-owned vehicles*;
- *Upstream portion of electricity (production of fuels for electricity generation, transmission and distribution losses)*.

To facilitate comparison between the effects of different greenhouse gases, a specific index called global warming potential (GWP) is used, through which the action of the individual gas is compared to that of CO<sub>2</sub>.

**Using the Location Based approach, the Carbon Footprint for Padana Tubi for 2021 was 1,979,757 tCO<sub>2</sub>eq.** The breakdown of emissions by category and source is given below. This value encompasses the Company's value chain, including direct emissions and indirect emissions deemed significant on the basis of a specific significance assessment.

GHG emissions Scope 1 - tCO <sub>2</sub> eq	Total GHG EMISSIONS [tCO <sub>2</sub> eq]
Direct combustion emissions from fixed/stationary sources (related to natural gas consumption) <sup>7</sup>	7,647
Direct combustion emissions from mobile sources <sup>8</sup>	742
Direct fugitive emissions <sup>9</sup>	81.4
<b>Scope 1 Total</b>	<b>8,470.4</b>

GHG emissions Scope 2 - tCO <sub>2</sub> eq	Total GHG EMISSIONS [tCO <sub>2</sub> eq]
Electricity purchased <sup>10</sup> (location based)	14,483
<b>Scope 2 Total</b>	<b>14,483</b>

<sup>7</sup> Sources of emission factors considered for natural gas:

- CO<sub>2</sub>: Ministry of the Environment
- CH<sub>4</sub> and N<sub>2</sub>O: DEFRA 2021

<sup>8</sup> Sources of emission factors considered for diesel:

- CO<sub>2</sub>: ISPRA - National Inventory Report
- CH<sub>4</sub> and N<sub>2</sub>O: DEFRA 2021 - Diesel (average biofuel blend)

Sources of emission factors considered for petrol:

- CO<sub>2</sub>: Ministry of the Environment
- CH<sub>4</sub> and N<sub>2</sub>O: DEFRA 2021 – Petrol

<sup>9</sup> Sources of emission factors considered for refrigerant gases:

- R407C: DEFRA 2021
- R410A: DEFRA 2021

<sup>10</sup> Sources of emission factors considered for electricity imported:

- CO<sub>2</sub>: ISPRA
- CH<sub>4</sub> and N<sub>2</sub>O: Italy: Common Reporting Format 2021

GHG emissions Scope 3 - tCO <sub>2</sub> eq	Total GHG EMISSIONS [tCO <sub>2</sub> eq]
Inbound logistics of goods (raw materials) - Upstream transport and distribution <sup>11</sup>	88,995
Outbound logistics of carbon steel tube products - Transport and downstream distribution <sup>12</sup>	179,995
Employee commuting	1,572
Business trips <sup>13</sup>	3,72
Upstream phase of fuels used for the Company fleet	167
Goods and services purchased	1,626,095
Purchase of capital goods	49,960
Disposal of liquid and solid waste	447
Upstream part of electricity and fuels from stationary sources (location based)	8,823
Products sold	746
<b>Scope 3 Total</b>	<b>1,956,803.72</b>

GHG EMISSIONS SCOPE 1 + SCOPE 2+ SCOPE 3 - TCO <sub>2</sub> E	2021
<b>TOTAL GHG EMISSIONS (LOCATION BASED)</b>	<b>1,979,757</b>

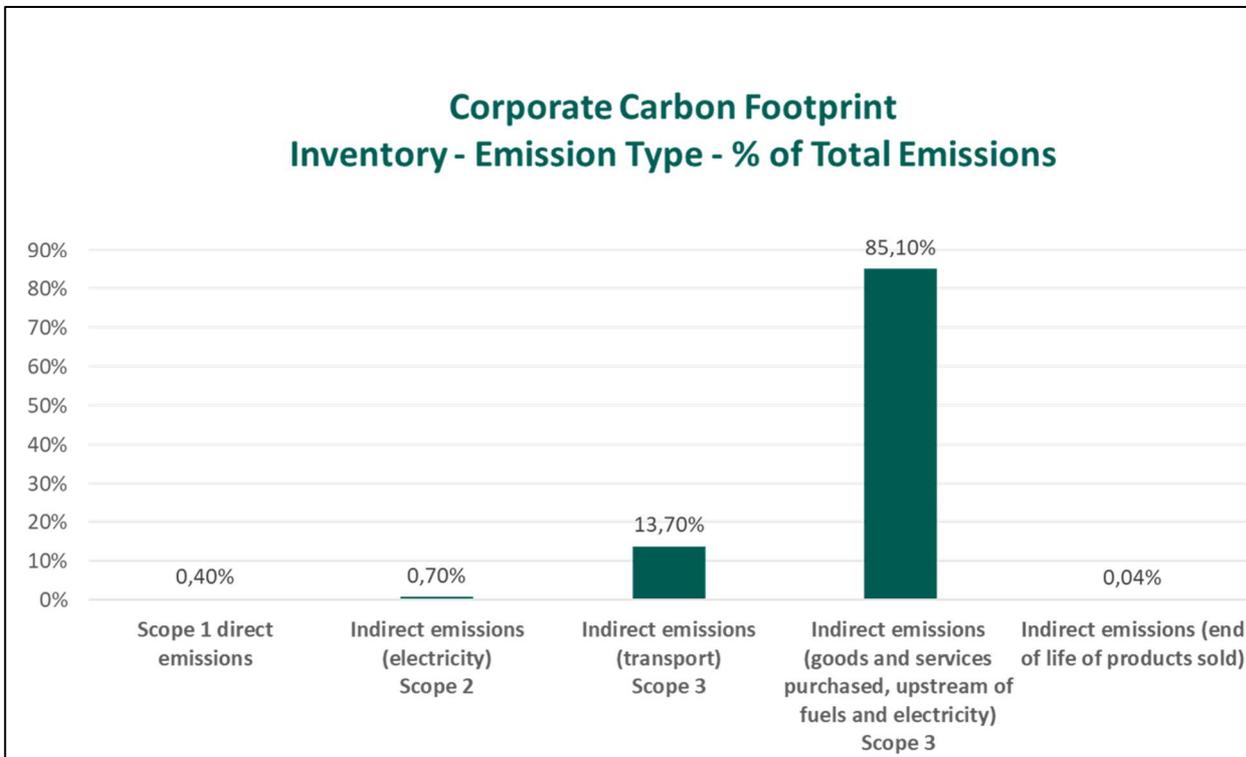
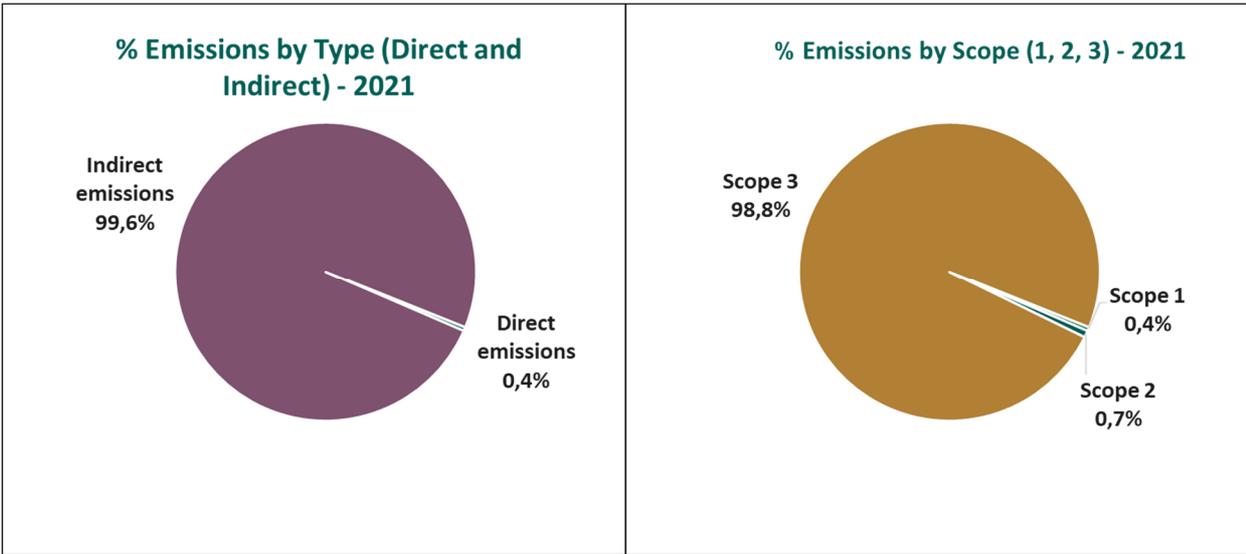
**For the reporting year 2021, the most significant share of emissions concerns Scope 3.** In particular, indirect emissions due to products and services used by the organisation is the largest category of the inventory, and accounts for approximately 1,685,326 tCO<sub>2</sub>eq, and then transport processes that generated 270,732 tCO<sub>2</sub>eq. These are followed by imported electricity and direct emissions, which generated approximately 14,483 tCO<sub>2</sub>eq and 8,471 tCO<sub>2</sub>eq respectively. With regard to all the sub-categories considered, the analysis shows that the sub-category relating to purchased goods and services had the most impact, with an incidence of 82.1%.

**Overall, direct emissions accounted for 0.4% of total greenhouse gas emissions, while indirect emissions cover 99.6% of the total carbon footprint.**

<sup>11</sup> The emission factors taken into account to calculate the impact of incoming logistics were selected from the database provided by DEFRA in the report "2021 Guidelines to DEFRA".

<sup>12</sup> The emission factors taken into account to calculate the impact of outbound logistics were selected from the database provided by DEFRA in the report "2021 Guidelines to DEFRA".

<sup>13</sup> Emission factors for business trips were calculated using the specific factor for Italy provided in the DEFRA document for overnight stays in hotels.



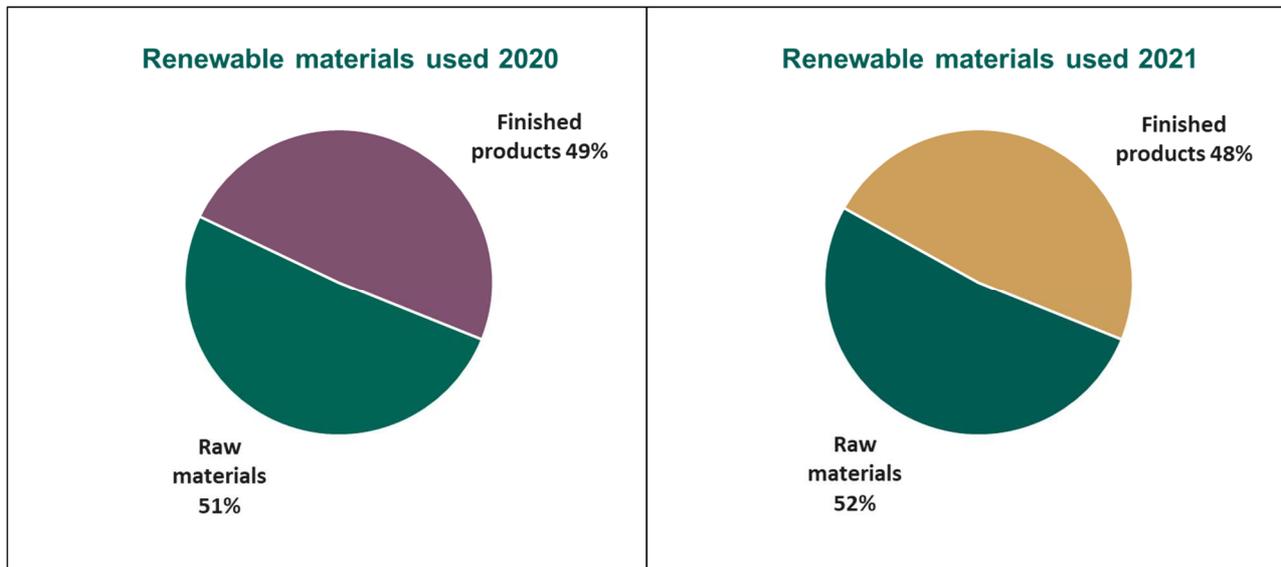
Monitoring and awareness of the emissions produced drives Padana Tubi to seek to contribute directly to the reduction of the CO<sub>2</sub> emitted globally. For this reason, the Company renews its commitment to search for solutions that it can adopt in order to improve in the medium to long term.

## 5.3 Use of materials

Steel is a strategic material for the circular economy, since it is the most recycled material in the world. Its life cycle is potentially endless, making it a truly “permanent resource” essential for the development of a sustainable economy.

The main input materials used by Padana Tubi for the production of stainless steel and carbon tubes are renewable, i.e. derived from abundant resources that can be rapidly replenished through ecological cycles or agricultural processes. The categories of goods purchased are listed below:

- Raw materials: hot-rolled material of non-alloy steel (stainless steel and carbon steel coils);
- Materials needed for the production process but which are not part of the finished product (oils, machine lubricants)
- tubes and profiles made from semi-finished strips;
- packaging materials (stretch wrap);
- wood;
- strips and brushes.



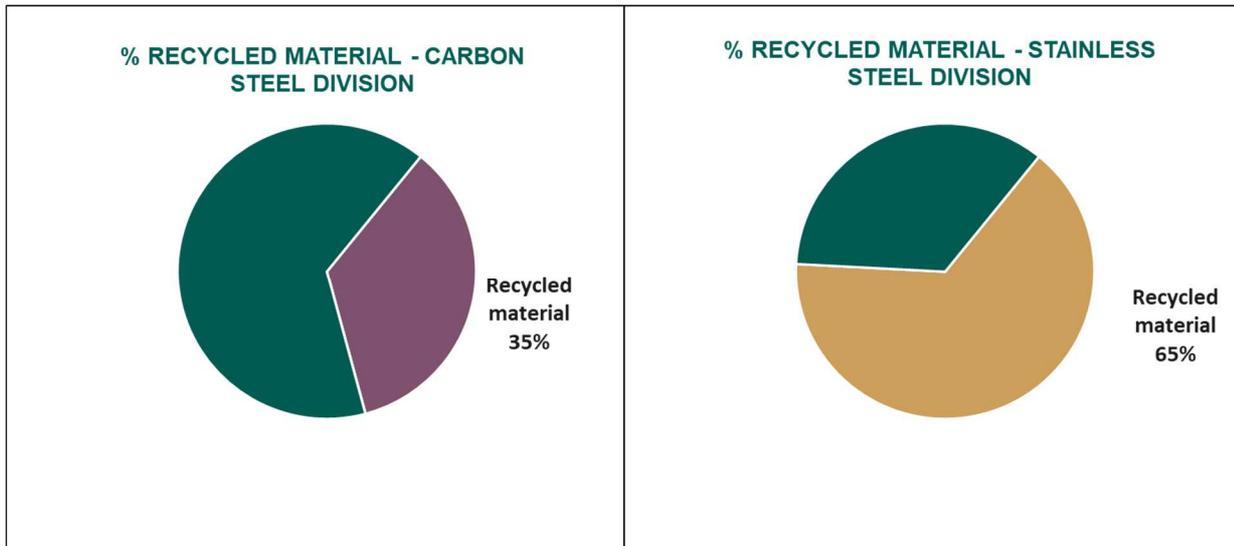
MATERIALS USED (in KG)	2020			2021		
	Non-renewables	Renewables	Total	Non-renewables	Renewables	Total
Materials needed for the production process but which are not part of the finished product (oils, machine lubricants)	270,432	-	270,432	325,122	-	325,122
Packaging materials, including paper, cardboard and plastic	-	53,488	53,488	-	48,259	48,259
wood	-	1,765,380	1,765,380	-	1,717,401	1,717,401
<b>Total in Kg</b>	<b>270,432</b>	<b>1,818,868</b>	<b>2,089,300</b>	<b>325,122</b>	<b>1,765,660</b>	<b>2,090,782</b>

## Materials derived from recycling

Padana Tubi orients its production towards the principles of the circular economy. Circularity can save more than 100 million tonnes of virgin raw materials in steel production and processing globally by 2025. **The World Steel Association estimates that by 2050 more than 90% of steel in consumer products will be capable of being recycled.**

Once their useful life has ended, steel products can be recovered 100% and countless times through recasting. With no loss of quality and no degradation in mechanical properties, recycled steel is indistinguishable from new material.

With regard to data for the use of recycled materials, **the percentages for carbon steel and stainless steel in 2021 were 35% and 65% respectively.** This data can be found in the LEED fact sheets.



## 5.4 Waste and water management

### Waste

**Waste generated by Padana Tubi in 2021 amounted to 37,913 tonnes, of which<sup>14</sup>:**

- 750 tonnes of hazardous waste<sup>15</sup>
- 37,163 tonnes of non-hazardous waste<sup>16</sup>

There was an increase of 8% compared to the previous year. 51% of hazardous waste was sent for disposal and the remaining 47% for recovery (preparation for re-use and recycling). Non-hazardous

<sup>14</sup> Waste classification is based on the EER system, the code used to classify both hazardous and non-hazardous waste in the European List of Waste (ELW).

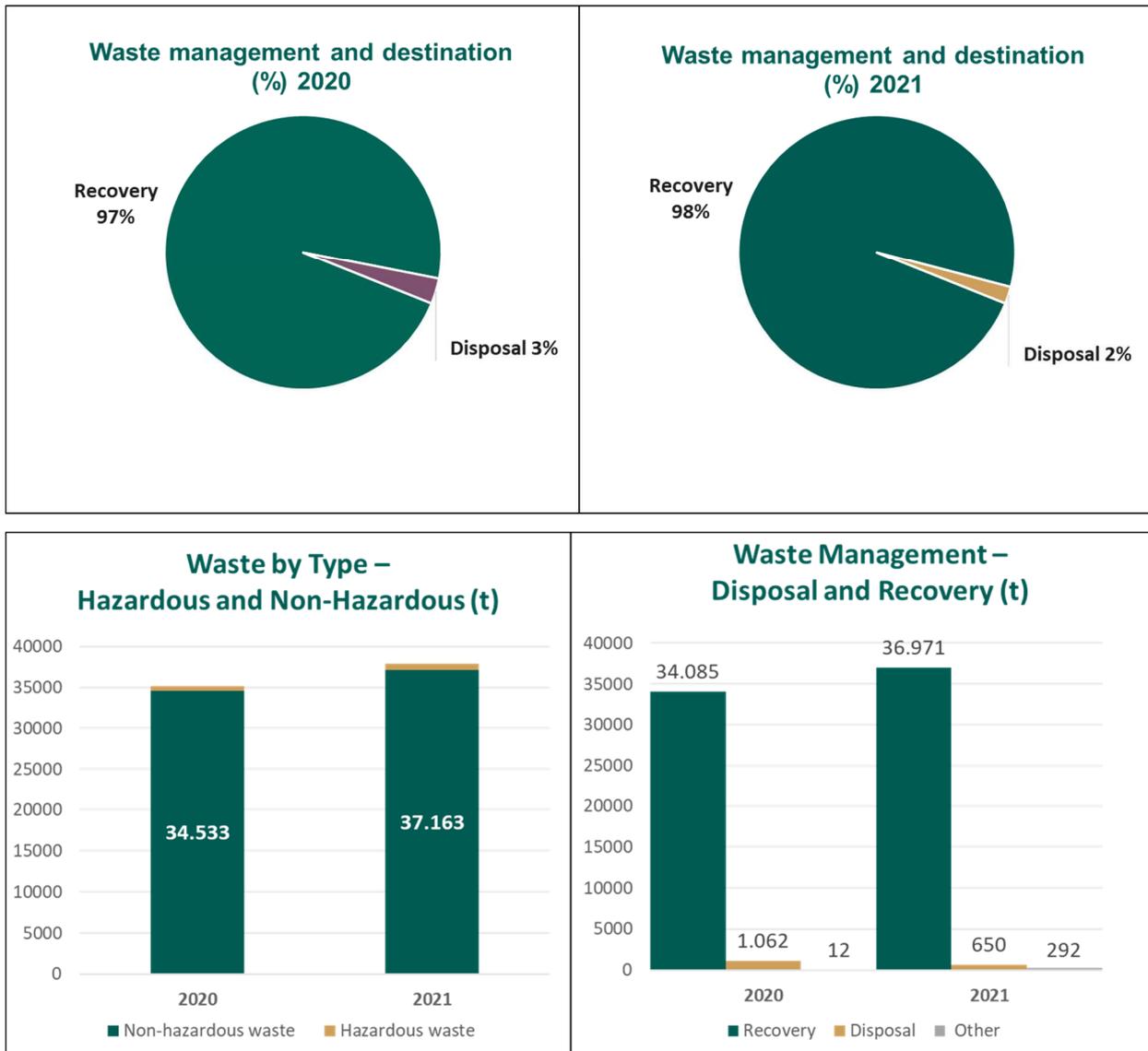
<sup>15</sup> Hazardous wastes include emulsions and solutions for machinery, not containing halogens; spent waxes and fats; non-chlorinated mineral oils for hydraulic circuits; oil wastes; sludge and filter residues from flue gas treatment, containing hazardous substances; absorbents, filter materials (including oil filters not otherwise specified), rags and protective clothing, contaminated with hazardous substances; and processing sludges, containing hazardous substances.

<sup>16</sup> Non-hazardous wastes include sludge from on-site wastewater treatment; ferrous metal filings and shavings; machining sludge; wastes not otherwise specified; metal packaging; mixed-material packaging; absorbents, filter materials (including oil filters not otherwise specified); rags and protective clothing, contaminated with hazardous substances; iron and steel; cables; components removed from discarded equipment; plastics; filings and shavings of non-ferrous materials; dust and particulates of ferrous materials; tool bodies and spent grinding materials.

waste was almost entirely sent for recovery (94% reuse, 4% recycling), while only 1% was sent for disposal.

In total, **Padana Tubi earmarked 97% of waste produced in 2020 and 2021 for recovery.**

The categorisation of waste according to management method takes into account the metal waste produced during processing in Padana Tubi’s factories. Since this waste consists of steel, the type of treatment considered is material recovery, as in Italy the recycling rate of this material is over 90%.



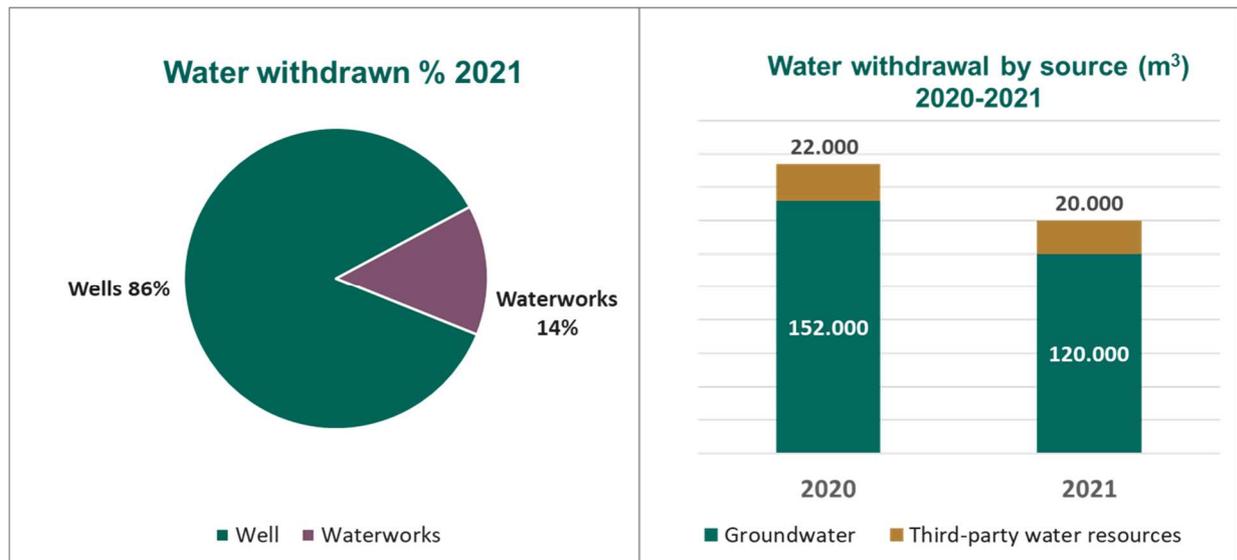
### Water

The water used is mainly for industrial purposes and is drawn exclusively from wells in the various local production units or waterworks. There are no other modes of supply. The plants at the service of production are, as far as technologically possible, closed-circuit, thereby limiting the use of new resources to the refilling of whatever has evaporated or been used.

**During 2021, 140,000 m<sup>3</sup> of water were withdrawn, of which 86% from wells and the remaining 14% from waterworks (third-party water resources).**

Wastewater in the last financial year amounted to 20,400 m<sup>3</sup>. Since the Company does not have water meters in the vicinity of drains, the volumes indicated are therefore estimated, based on the quantities

withdrawn. In the volumes indicated, no account was taken of rainwater (yard and roofing runoff), as this data cannot be estimated with sufficient precision.



WATER WITHDRAWAL	2020	2021
<b>Total water withdrawal (cubic metres)</b>	<b>174,000</b>	<b>140,000</b>
<i>Of which groundwater</i>	<i>152,000</i>	<i>120,000</i>
<i>Of which third-party water resources</i>	<i>22,000</i>	<i>20,000</i>



## 6. Social commitment and relations with the local area

## 6. SOCIAL COMMITMENT AND RELATIONS WITH THE LOCAL AREA

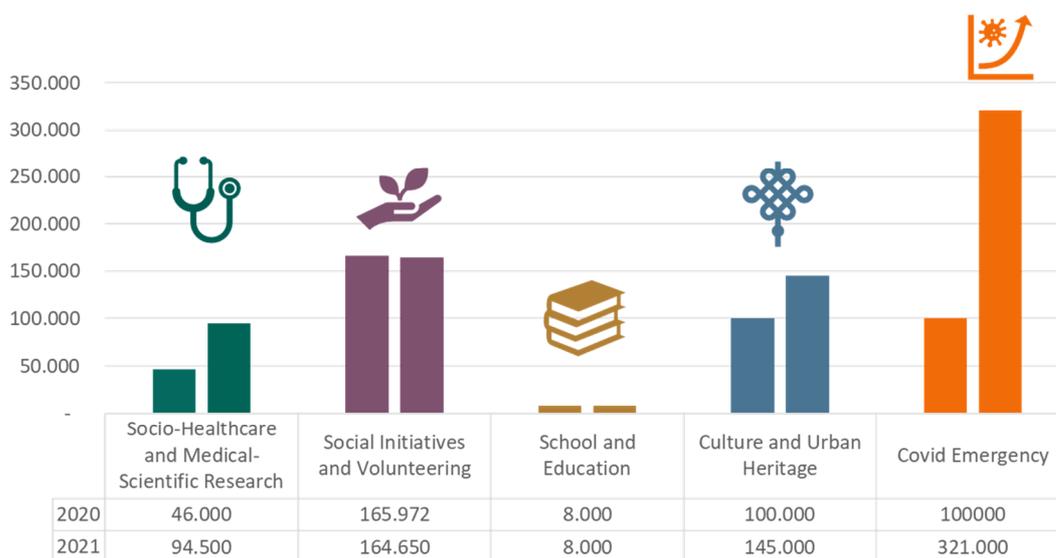
### 6.1 Local area and community

Padana Tubi is committed to playing an active and participatory role in the social and cultural development of the area in which it operates. The relationship with the community of Guastalla and neighbouring municipalities has been very strong from the outset and has seen the creation of many jobs, contributing to the economic, civil and social development of the community. Over the years, the Company has participated directly in initiatives to promote Corporate Social Responsibility in the Reggio Emilia area, and has supported and will continue to support projects with cultural, sporting and social aims by donating to health facilities, nurseries, charities, cultural associations and associations promoting the enhancement of the environment.

### 6.2 Support for social initiatives and activities

For several years now, Padana Tubi has supported various associations and entities in the area with financial donations, assistance for companies that are adopting policies or practices that promote better social or environmental performance in their own organisations, and partnerships with charitable organisations, as well as aid for targeted research projects.

**Donations and Support to the Tertiary Sector 2020-2021**



The following are some of the activities, initiatives and non-corporate collaborations participated in and supported by Padana Tubi in 2020 and 2021, in addition to donations to local associations for sports, social and voluntary activities, along with specific initiatives with schools.



Padana Tubi annually supports the **Brain Research Foundation NPO in Verona**.

The Brain Research Foundation (BRFVr), set up in 2010 by a group of researchers, doctors and philanthropists at the behest of Professor Massimo Gerosa, aims to **stimulate biomedical research on the nervous system by contributing to the development of neuroscience** and, in particular, neurology and neurosurgery in Verona. The project involves private individuals and institutions, including the University of Verona and the Azienda Ospedaliera Universitaria e Integrata (AOUI) of Verona, both of which represent a hub of excellence in neuroscience, with medical and scientific expertise and technological platforms of international standing.

The BRFVr further aims to stimulate basic and clinical sciences, also facilitating the adoption of new medical and surgical technologies for the advancement of the treatment of diseases of the nervous system.

 **€24,500** - the amount donated in 2020 and 2021



**Padana Tubi is among the primary partners of the three-year project of the Fondazione Italiana Linfomi (FIL) NPO.** The Fondazione Italiana Linfomi (FIL) NPO develops research projects for the treatment of lymphomas, a disease that affects around 15,000 new patients in Italy every year, which means 40 new cases every day, almost 2 every hour. Scientific research over the last 20 years has contributed to making lymphoma increasingly curable (about 80% of Hodgkin's lymphomas and about 60% of Non-Hodgkin's) and to improving the quality of life after treatment, but there is still much, much more to be done.

 **€50,000** - the amount donated in 2021

## COVID-19 EMERGENCY



Padana Tubi also joined the companies that, during the Covid-19 pandemic, made **donations to the local health authority to support the fight against Coronavirus**. €100,000 was paid out to give a concrete sign of support to the work of doctors, nurses and all hospital staff.

 **€100,000** - the amount donated in 2020



On the 50<sup>th</sup> anniversary of the founding of Padana Tubi, the Alfieri family gave each employee **€500 worth of shopping vouchers to be spent in shops located in the main area of the employee's residence**. The municipalities involved were: Boretto, Brescello, Dosolo, Guastalla, Gualtieri, Luzzara, Novellara, Reggiolo, Suzzara, Viadana and Pomponesco.

The shopping vouchers were divided into 3 macro-categories: 1) footwear and clothing; 2) restaurants and bars; 3) a "free" category where the vouchers could be used in either of the previous two categories. Many shops took part, displaying the initiative poster and publicising it. Workers used the vouchers to pay for their goods and the businesses participating in the initiative periodically redeemed them at Padana Tubi premises. Numerous expressions of approval were received by the Company via social networks and in the local press.



**667 workers received bonus shopping vouchers**



**279 shops took part in the initiative**



**€321,000 - the total paid out in 2021**



**The vouchers were spent in 11 municipalities**



**Free cardiovascular disease prevention for all employees** was financed by Padana Tubi and promoted in conjunction with the cardiology department of the Reggio Emilia Health Authority. It involved cardiologists and nurses for six days working from inside the "Foundation for Your Heart" van parked in the factory yard.

Blood tests and electrocardiograms were performed for about one hundred workers per day. Screening was carried out for cardiovascular disease prevention and glycaemic control, glycated haemoglobin tests, and various types of cholesterol, triglycerides and uric acid tests.

This was the most numerically extensive cost-free screening of a working-age population to date in Emilia Romagna.

## CULTURE AND THE ARTISTIC AND URBAN HERITAGE

### RENOVATION OF THE EPISCOPAL SEMINARY IN REGGIO EMILIA



Padana Tubi is among the financial backers of the project for the recovery and **renovation of the Episcopal Seminary of Reggio Emilia** overseen by the newly-established “Reggio Città Universitaria” Committee. It will become the site of a new campus of the University of Modena and Reggio Emilia. The project, which involves a total investment of more than €12 million, was triggered by the important decision taken by the Bishop who, from among the various options available for a building now used only in small part for its original functions, chose to place the Seminary at the disposal of the University. Once renovation (which will take place in four stages) is complete, the impressive building on Viale Timavo will house more than 1,300 seats/lecture room, 160 workstations, an auditorium with almost 300 seats and just under 130 small residences for university students. Opened on November 24, 1954 and designed by the architect Enea Manfredini, the Seminary will continue its educational and training function for young people, albeit in a different way. This is thanks to a designated use and a project that will certainly also have a strong impact on the redesigning of a significant area of the city close to the historic centre.



**€400,000** - the amount set aside to support renovation works, amounting to €200,000 in 2020 and 2021 respectively

### RESTORATION OF THE SANCTUARY OF THE BEATA VERGINE DELLA PORTA IN GUASTALLA



Padana Tubi is among the financial backers of the **restoration project for the Sanctuary of the Beata Vergine della Porta in Guastalla**.

The closure of the Sanctuary some years ago deprived Guastalla and its surroundings of one of the most popular and beloved churches, raising expectations for the necessary restoration work. The fall of some of the stuccoes decorating the interior of the building, together with the damage caused by the earthquakes of May 2012, necessitated a long and careful phase of observations and surveys in order to choose the most appropriate method of intervention. The funding assigned by the government’s Extraordinary Commissioner for Reconstruction in the areas affected by the earthquake made it possible to draw up a project aimed at restoring the Sanctuary to stable and fully safe conditions, providing the opportunity to address its long unresolved structural and installation problems. In addition to the structural works that will give the church back its solidity, restoration includes the refurbishing of the stuccoes that have always characterised the church’s appearance and that make it a unique site, with a baroque flavour, in the historical centre of Guastalla. In addition to this, the internal installations will be adapted, both in terms of lighting and the heating system.



**€120,000** - the total donation to support the restoration work, of which €40,000 in 2021 and the remainder in 2022-2023.

## RESTORATION OF THE ARTISTIC HERITAGE OF THE MALDOTTI LIBRARY IN GUASTALLA

The project includes the restoration of several paintings in the Maldotti Library that need work to return them to their original beauty. The total value of the project is approximately €15,000.

The restored works, exhibited at the Library located in Guastalla (RE), are part of that important heritage most of which is on display at Palazzo Gonzaga in the “Quadreria Maldotti” exhibition. The restoration concerns the large canvases by the painter Giorgio Anselmi displayed on the walls of the entrance to the Library, an oil painting called “La cattura di Cristo” (a copy of a painting by Guercino, and probably from his workshop), an oil painting title “San Francesco” and refurbishment of a frame of a painting by Crescimbeni.



**€5,000 - the amount allocated in 2021 to support restoration work**

### DETAILS OF DONATIONS AND SUPPORT TO THE LOCAL AREA (€)

AREA	ACTIVITIES	2020	2021
	HEALTHCARE ASSISTANCE/RESEARCH ACTIVITIES	134,000	32,000
	BRAIN RESEARCH FOUNDATION VERONA	12,000	12,500
	FONDAZIONE ITALIANA LINFOMI	-	50,000
	RIPARTIRE INSIEME		321,000
	DONATIONS TO SPORTS/VOLUNTARY ASSOCIATIONS	40,800	33,650
	PARISHES OF GUASTALLA AND DIOCESE OF REGGIO EMILIA FOR SOCIAL INITIATIVES	125,172	131,000
	SCHOOLS IN GUASTALLA	8,000	8,000
	COMMITTEE OF THE REGGIO EMILIA CITTÀ UNIVERSITARIA	100,000	100,000
	RESTORATION OF THE SANCTUARY OF THE BEATA VERGINE DELLA PORTA IN GUASTALLA	-	40,000
	RESTORATION OF THE ARTISTIC HERITAGE OF THE MALDOTTI LIBRARY IN GUASTALLA	-	5,000
<b>TOTAL</b>		<b>419,972</b>	<b>733,150</b>

## A GLIMPSE INTO THE FUTURE: PADANA TUBI'S NEXT OBJECTIVES

AREA	FUTURE GOAL
HEALTH AND SAFETY	<p>Implementation of a <b>specific software to manage deadlines</b> for refresher courses and training activities and to aid more careful planning with regard to health and safety.</p> <hr/> <p>The <b>process of revamping the lines</b> to improve safety standards and production capacity is ongoing.</p>
OCCUPATIONAL WELL-BEING AND WELFARE	<p>Implementation of a <b>platform for access to goods and services in the form of welfare</b> for a value of up to 100% of the annual premium fixed by the 2<sup>nd</sup> level contract.</p>
YOUTH EMPLOYMENT	<p>Relaunch of the <b>school-to-work programme</b></p> <hr/> <p>Possibility of several <b>hours of voluntary vocational training for workers under 30</b> as provided for in the new Company-based contract.</p>
QUALITY	<p><b>SMS Group 18" line: New production start-up</b> Start of production through the new SMS plant and dedicated "FIMI" slitter for large structural high-strength carbon steel tubes with a maximum diameter of 457 mm and a maximum thickness of 18 mm.</p> <hr/> <p><b>Advancement of the Industry 4.0 project for process digitisation</b> Continuation of the Industry 4.0 project, which allows new production lines to be interconnected each year, facilitating the streamlining of production processes.</p> <hr/> <p><b>Maintain inspection of processes as defined by the Quality Management System</b></p> <hr/> <p>Strive for customer and market satisfaction <b>by expanding the production range</b>, flexibility and stock availability.</p>

**SUPPLY CHAIN**

**Adopt a strategy of differentiating coil suppliers** to avoid production slowdowns.

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**INVESTMENTS IN INFRASTRUCTURES**

Work continues on the expansion of the plant in Via De Gasperi, following the already completed purchase of **an area adjacent to the plant** to provide a larger area for storing material. The expansion amounts to approximately 2,500 m<sup>2</sup>.

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**Progress is being made with the new project to build a facility of approximately 15,000 m<sup>2</sup>** for future operations.

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**RENEWABLE ENERGY**

**+2094 KWp of energy generated by photovoltaic panels**  
Activation and generation of new energy due to the previous installation of new photovoltaic panels in Plant N and the first part of Plant O, amounting to 260 KWp and 1834 KWp respectively.

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**EMISSIONS**

**Obtaining ISO 14064 certification** (Corporate Carbon Footprint), which allows organisations to quantify their GHG emissions in order to implement carbon management policies.

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## APPENDIX

### Note on Methodology

This is the **first Sustainability Report of Padana Tubi & Profilati Acciaio S.p.A.** (hereinafter “Padana Tubi” or the “Company”). The document discloses the Company’s performance with regard to the most relevant topics concerning environmental, social and economic sustainability, ones that are instrumental in ensuring an understanding of Padana Tubi’s activities, performance, results and environmental footprint.

This Sustainability Report was drafted in accordance with the guidelines issued by the Global Reporting Initiative (GRI), an independent international organisation recognised by the UN and the main benchmark for sustainability reporting on a global level. Specifically, a group of indicators was selected from those contained in the **“GRI Sustainability Reporting Standards” updated as of 2021**, as indicated in the GRI Content Index of this document, in accordance with the “Referenced” reporting option.

The general principles applied in drafting this Sustainability Report are those established by the GRI Standards. These are relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability and clarity.

The **performance indicators selected** are those contemplated by the reporting standards adopted, representative of the specific areas of sustainability analysed and consistent with the business carried out by Padana Tubi and the environmental impacts it produces. The indicators reported are “general” with regard to the legal and organisational profile of the Company: they are “economic” when they concern economic results and the added value generated and distributed; “environmental” when they relate to environmental aspects and, in particular, materials, energy, emissions and waste; and “social” when they involve workplace health and safety, training, equal opportunities and relations with the local area.

These indicators were selected on the basis of an analysis of the relevance of the material topics for the organisation and its sector of operations, as described in the section “The Path to Sustainability: Stakeholders and Materiality”.

As part of Padana Tubi’s path to sustainability, the **materiality analysis** carried out on the basis of the GRI Standards involved the Company’s management in the assignment of value to each topic, considering two different aspects: importance with respect to the Company and priority of intervention. The analysis will be further developed and deepened in subsequent periods through the performance of one or more stakeholder listening activities and reporting on Padana Tubi’s contribution to the achievement of the relevant Sustainable Development Goals.

Quantitative information for which estimates have been used is disclosed in the various sections of this Sustainability Report.

The **reporting scope** of the qualitative and quantitative data and information provided in this document refers to Padana Tubi’s performance in the reporting year 2021 (January 1, 2021 to December 31, 2021). In order to allow the comparison of data over time and the assessment of Padana Tubi’s business trend, figures for 2020 are presented for comparison purposes only.

This Sustainability Report is published on the Company’s corporate website at [www.padanatubi.it](http://www.padanatubi.it)

## GRI Table of Contents and Correlation Table

GRI STANDARD 2021	SUSTAINABILITY REPORTING	CHAPTER/PARAGRAPH REFERENCES	REMARKS
<b>GENERAL INFORMATION AND GOVERNANCE</b>			
<b>ORGANISATIONAL PROFILE</b>			
2-1	Organisational details	1. Group profile and identity	
2-2	Entities included in the organisation's sustainability reporting	Note on methodology	
2-3	Reporting period, frequency and contact point	Note on methodology	
2-5	External assurance	Note on methodology	Padana Tubi's 2021 Sustainability Report does not include external assurance
2-6	Activities, value chain and other business relationships	1. Group profile and identity Products and services 4. The importance of quality for Padana Tubi Responsible supply chain management	
2-7	Employees	3. The value of people and human resources The people of Padana Tubi	
2-8	Workers who are not employees	3. The value of people and human resources The people of Padana Tubi	
2-9	Governance structure and composition	2. Responsible governance and creation of shared value The governance structure	
2-10	Nomination and selection of the highest governance body	2. Responsible governance and creation of shared value The governance structure	
2-11	Chair of the highest governance body	2. Responsible governance and creation of shared value The governance structure	
<b>STRATEGY</b>			
2-22	Statement on sustainable development strategy	Letter to Stakeholders	
<b>ETHICS AND INTEGRITY</b>			
2-26	Strategy, policies and practices	2. Responsible governance and creation of shared value Ethics, Integrity and Transparency	
2-27	Compliance with laws and regulations	2. Responsible governance and creation of shared value Ethics, Integrity and Transparency	

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4. The importance of quality for Padana Tubi Customer satisfaction	No cases of privacy breaches or cyber attacks were recorded in 2021.
<b>STAKEHOLDER ENGAGEMENT</b>			
2-28	Membership associations	1. Group profile and identity The path to sustainability: Stakeholders and Materiality	
2-29	Approach to stakeholder engagement	1. Group profile and identity The path to sustainability: Stakeholders and Materiality	
2-30	Collective bargaining agreements	3. The value of people and human resources The people of Padana Tubi	
<b>MATERIAL TOPICS</b>			
3-1	Process to determine material topics	Note on methodology 1. Group profile and identity The path to sustainability: Stakeholders and Materiality	
3-2	List of material topics	1. Group profile and identity The path to sustainability: Stakeholders and Materiality	
3-3	Management of material topics	1. Group profile and identity The path to sustainability: Stakeholders and Materiality	
<b>ECONOMIC TOPICS</b>			
201	ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	2. Responsible governance and creation of shared value Economic sustainability and value generated	
204-1	Proportion of spending on local suppliers	4. The importance of quality for Padana Tubi Responsible supply chain management	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4. The importance of quality for Padana Tubi Product quality, reliability and safety	There were no incidents of non-compliance during the reporting period.
<b>ENVIRONMENTAL THEMES</b>			
<b>MATERIALS</b>			
301-1	Materials used by weight or volume	5. Environmental protection and sustainable use of resources Use of materials	
301-2	Recycled input materials used	5. Environmental protection and sustainable use of resources Use of materials	
<b>ENERGY</b>			
302-1	Energy consumption within the organisation	5. Environmental protection and sustainable use of resources	

		Environmental impacts: consumption and emissions	
302-3	Energy intensity	5. Environmental protection and sustainable use of resources Environmental impacts: consumption and emissions	
<b>WATER</b>			
303-3	Water withdrawal	5. Environmental protection and sustainable use of resources Waste and water management	
303-4	Water discharge	5. Environmental protection and sustainable use of resources Waste and water management	
303-5	Water consumption	5. Environmental protection and sustainable use of resources Waste and water management	
<b>EMISSIONS</b>			
305-1	Direct (Scope 1) GHG emissions	5. Environmental protection and sustainable use of resources Environmental impacts: consumption and emissions	
305-2	Energy indirect (Scope 2) GHG emissions	5. Environmental protection and sustainable use of resources Environmental impacts: consumption and emissions	
305-3	Other indirect (Scope 3) GHG emissions	5. Environmental protection and sustainable use of resources Environmental impacts: consumption and emissions	
<b>WASTE</b>			
306-3	Waste generated	5. Environmental protection and sustainable use of resources Waste and water management	
306-4	Waste diverted from disposal	5. Environmental protection and sustainable use of resources Waste and water management	
306-5	Waste directed to disposal	5. Environmental protection and sustainable use of resources Waste and water management	
<b>SOCIAL TOPICS</b>			
<b>EMPLOYMENT</b>			
401-1	New employee hires and employee turnover	3. The value of people and human resources The people of Padana Tubi	

<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
403-1	Occupational health and safety management system	3. The value of people and human resources Occupational health and safety	
403-3	Occupational health services	3. The value of people and human resources Occupational health and safety	
403-5	Worker training on occupational health and safety	3. The value of people and human resources Occupational health and safety	
403-6	Promotion of worker health	3. The value of people and human resources Occupational health and safety	
403-8	Workers covered by an occupational health and safety management system	3. The value of people and human resources Occupational health and safety	
403-9	Work-related injuries	3. The value of people and human resources Occupational health and safety	
403-10	Work-related ill health	3. The value of people and human resources Occupational health and safety	There were no incidents of occupational diseases during the reporting period.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No non-compliance with relevant regulations was detected in the reporting period.
<b>EDUCATION AND TRAINING</b>			
404-1	Average hours of training per year per employee	3. The value of people and human resources Enhancing human capital and skills development	
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>			
405-1	Diversity of governance bodies and employee	2. Responsible governance and creation of shared value The governance structure 3. The value of people and human resources Equal Opportunities and Human Rights Protection	
<b>NON-DISCRIMINATION</b>			
406-1	Incidents of discrimination and corrective actions taken	3. The value of people and human resources Equal Opportunities and Human Rights Protection	No cases of discrimination occurred in the Company during the reporting period.
414-1	New suppliers that were screened using social criteria	4. The importance of quality for Padana Tubi Responsible supply chain management	

